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ABSTRACT

A hearing was held to explore the issue of child care. Opening remarks identifed potentially troublesome issues. Questions considered included: Should money go to parents or providers? Who will regulate and who will be regulated? Should any particular form of care be preferred? What is the magnitude of the child care problem? How much financial assistance do parents need to be able to afford child care? How can high quality care be measured? Testimony focused on: (1) the worth of the Act for Better Child Care (ABC); (2) day care regulation in Illinois; (3) fundamental principles for guiding the development of public policies bearing on day care; (4) merits of the Child Care Services Improvement Act; (5) myths about child care; (6) the present national child care context; (7) unclear points in the day care debate and related media reports; (8) views of the National PTA; (9) views of the American Enterprise Institute on the costs of federal child care assistance; (10) views of the Eagle Forum; (11) how day care harms children; (12) high quality programs for preschool children; (13) views of private providers of day care; (14) the Delaware State Chamber of Commerce's Child Care Connection; (15) research findings on the economic realities of present child care arrangements; (16) views of the National Child Care Association; (17) the federal role in day care; (18) bias in the ABC; and (19) views of other organizations. (RH)

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CHILD CARE

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HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, APRIL 21, 1988

Serial No. 100-91

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CHILD CARE

THURSDAY, APRIL 21, 1988

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2175, Rayburn House Office Building, Hon. Dale Kildee (chairman of the subcommittee) presiding.

Members present: Representatives Kildee, Sawyer, Solarz, Tauke, Grandy, Gunderson, Ballenger, and Armey.

Staff present: Susan Wilhelm, staff director; Carol Behrer, legislative associate; Mary Jane Fiske, senior legislative associate; Damian Thorman, legislative associate; Bill Kamela, legislative assistant; Gail Perry, legislative assistant; Jay Horstman, legislative assistant; Margaret Kajeckas, clerk; Jeremy Rabinovitz, legislative assistant; and Lynn Bryenton, legislative assistant.

Mr. KILDEE. The Subcommittee on Human Resources convenes this morning to explore the general issue of child care. We've started just in time. I tell people that's the schoolteacher in me, not the politician. I'm used to starting on time.

I am pleased to be joined in this effort by members of the Subcommittee on Select Education and the Subcommittee on Elementary, Secondary and Vocational Education, which also have jurisdiction over this important issue.

I welcome our witnesses this morning, and look forward to hearing their views on the important issue of how best to ensure the health and safety of children during the hours that parents are in the work force.

My personal experience with mothers in my district who are struggling to make their families economically self-sufficient, only to discover that they cannot do so without child care, illustrates how important this assistance is to families.

While this morning's hearing is not limited to legislation before the subcommittee, I would like to take a moment to address the questions that have been raised over the provisions of the Act for Better Child Care, which deal with the separation of Church and State.

I am very much aware of the important role of churches in the provision of child care. In fact, representatives of several religious denominations and organizations were involved in the development of the ABC child care legislation now under consideration with the other bills referred to this subcommittee.

However, I recognized at the time the legislation was introduced, that further work was needed on the question of how best to enable church participation while at the same time addressing the constitutional issue of the separation of Church and State.

I pledged at that time that I would work for language that would both protect the important role of churches in the provision of child care, and address the constitutional issues raised by the Supreme Court.

We hope soon to have the proper language. It is one of my highest priorities to achieve that proper language on Church and State.

I notice that a bell has rung in the House for a vote on approving the journal. We might have time before we have to exit for that, so, Mr. Tauke, do you care to make your opening statement now or when we return?

Mr. **Tauke**. Why don't we go ahead and vote, Mr. Chairman.

Mr. **Kildee**. We'll take a minute's recess. Mr. Holloway, you can accompany us over for the vote, and we'll come right back and start with you.

[Recess.]

Mr. **Kildee**. The subcommittee will reconvene. We probably will not have another interruption for about an hour, at which time we'll have a vote on the roll, and then we should be uninterrupted until the vote on final passage of the Trade Bill.

At this time, I'll call upon the ranking Republican member of the committee, Mr. Tauke.

Mr. **Tauke**. Mr. Chairman, thank you very much.

While we want to give our witnesses all the time they need to explain their views, I do hope that the vote on final passage won't interrupt this hearing. I hope it's over by then.

Mr. Chairman, we obviously have before us an issue on which many people have strong feelings. Virtually all of us have at one time or another been involved with the issue of child care. We were cared for, we have provided care, and we have solicited others to provide care for children.

So it is not surprising that this would be an issue with which many people identify and an issue on which many people have strong feelings.

Unfortunately, as is often the case in Congress, we don't have the luxury of being able to hear from everybody who would like to offer their views on this issue, and we have not had the opportunity to engage in exhaustive research on the issue. A Federal policy, however, in this area, can have very significant implications for children, for families, and for our economy and our society. Therefore, we should proceed cautiously.

Mr. Chairman, with your permission, I would like to include my full opening statement in the record and just make a couple of points informally.

Mr. **Kildee**. Without objection.

Mr. **Tauke**. Mr. Chairman, it seems to me that as we have begun our investigation of this issue, there are three fundamental issues which are potentially troublesome.

The first question or issue is who gets the money. Should money go to the parents, or should money go to providers? And it is fairly clear that there is some divergence of opinion on that issue. Under the bill which you have sponsored, money will go to providers. Under the bill which I and others will submit soon, money will go to parents.

It seems to me that as we address this issue, we are going to have to grapple with the question of who should receive the money.

The second question, it seems to me, is who is going to regulate and who is going to be regulated. Should the Federal Government do the regulating? Should State government do the regulating? Should regulation be in the hands of informed parents? I think this is a question which obviously is going to have to be addressed in a serious way by this subcommittee.

Under the bill which you offer, the Federal Government plays a major role in the regulation of not only formalized day care, but less formal settings as well. This is something that I hope to avoid in the legislation that we offer.

In the question of who is regulated, should every babysitter in the Nation be regulated? Or should those who have a substantial number of children in their care be regulated? Or only institutionalized settings? This is an issue with which we will have to grapple.

The third major question, it seems to me, is should we establish a bias toward any particular form of care? Should our bill suggest that formalized day care settings— institutionalized settings, if you will—are preferable to having an informal arrangement with a neighbor or a relative or friend?

I'm not convinced as of yet that formalized settings are necessarily the best settings for every child. It appears to me that in many instances we should, if not encourage, then at least not get in the way of the informal arrangements. It seems to me that again will be a difference in the approaches we take.

I believe that there is a great need in the Nation for us to address the issue of child care. I think that most of our witnesses today will indicate that there is a need for us to recognize the changing social circumstances in the Nation and address in a very positive and forthright way the challenge that this society faces in providing good care for all of our children.

At the same time, it seems to me, we need to address in a very thoughtful way these major issues of who gets the money, who does the regulating and who is regulated, and what form of child care we wish to support.

I hope that we will be able to begin to sort out answers to these questions in our hearing today. I know that as we move forward with consideration of legislation, we will have a number of alternatives before us which will allow us to look at different approaches to dealing with the challenges of this society.

Mr. Chairman, thank you for calling this hearing and for accommodating requests from the minority for witnesses.

[The prepared statement of Hon. Tom Tauke follows:]

The Honorable Tom Tauke
Subcommittee on Human Resources
Hearing on Child Care
April 21, 1988

Thank you, Mr. Chairman. I appreciate your scheduling this hearing to permit some divergent points of view to be heard on the issue of child care. I am sure that we would have to hold several more hearings to accommodate the number of witnesses who have an interest in this issue.

Unfortunately, as is often the case in Congress, we don't have the luxury of being able to hold extensive hearings and to engage in exhaustive research of an issue. Federal policy in the area of child care, however, has significant implications for children, for families, for our economy and for our society, and we should therefore proceed cautiously.

This Subcommittee is contemplating a bill that will result in extensive Government involvement in parents' choices about the care of their children. As we consider this bill and develop child care policy, it is critical that we have comprehensive hearings and allow as many witnesses as possible to present their views and findings to this Subcommittee.

Moreover, any legislation on the issue of child care should be scrutinized. I don't believe that any of us have all the answers, and it is incumbent upon us, as policymakers, to compile and consider as much information and as many perspectives as possible in order to ensure that the policy we advance moves us in the right direction.

First, it seems to me that this Subcommittee should consider the magnitude of the child care problem. Is there a "crisis" in child care in this country? I am sure that any parent who has struggled to find just the right care for their child would say that there is. But the evidence of a critical shortage in child care has been mostly anecdotal.

Several respected economists who have studied this issue have suggested that the market has responded quite well to the rising demand for child care services. The number of licensed day care centers in this country has doubled over the last ten years, for example. Similarly there have been large increases in the number of licensed day care homes. And we simply don't have good data on the number of children in unregulated care in this country.

Second, we need to determine how much financial assistance parents need to enable them to afford child care. Is the annual cost of child care in this country $2,000, as the Census Bureau data, demonstrates? Or is it much higher? Certainly, some parents pay much more for child care; but other parents pay nothing at all. Some parents choose to forego income to raise their own children. Eighty percent of parents currently using child care are from two-earner couples, who have median incomes of over $38,000. This Subcommittee needs to identify the parents that need assistance, and determine how best to target assistance to those most in need.

Finally, the issue of quality of child care is of great concern to this Subcommittee. We all care about the quality of child care in this country. But measuring quality is very difficult, and enforcing quality is even more difficult. Parenthetically, I should note that many clinical psychologists believe that any nonparental care in the earliest stages of a child's development is detrimental.

This Subcommittee must wrestle with the issue of what level of government should regulate child care and with the issue of the ramifications of imposing federal standards on child care providers. Higher licensing standards translate into higher costs for parents. Are we driving up the cost of care at the expense of already beleaguered parents? These are very difficult issues to address, and they demand careful consideration.

At our first hearing on child care this year, we had over twenty witnesses suggest that the bill, H.R. 3660, the Act for Better Child Care Services, was the appropriate Federal response to these child care issues. If that bill is the proper approach, it should stand up to our critical analysis and scrutiny. In addition, other approaches and other bills should be considered and should receive similar scrutiny.

This Subcommittee has it's work cut out for it, and I believe that we should proceed cautiously. Increased Federal involvement in child care should not be taken lightly. I am committed, as I know you are, Mr. Chairman, to developing sound public policy on this most critical issue.

Mr. **Kildee**. Thank you, Mr. Tauke.

Mr. Sawyer, do you have an opening statement?

Mr. **Sawyer**. Thank you, Mr. Chairman.

With your permission, I'd like to include the full text of my opening statement in the record.

Mr. **Kildee**. Without objection.

Mr. **Sawyer**. At this time, I'd like to say that I share with my colleagues the firm belief that one of the most important issues facing our Nation today is the availability of affordable quality child care.

This is coupled with the recognition that we simply can no longer debate over economic policies without examining how those changes will affect our Nation's families. This hearing that you have put together today is a long and I hope fruitful one, and will recognize the importance of this forum in providing the framework for this discussion.

[The prepared statement of Hon. Tom Sawyer follows:]

STATEMENT BY REP. TOM SAWYER AT THE HUMAN RESOURCES SUBCOMMITTEE HEARING ON THE ACT FOR BETTER CHILD CARE

April 21, 1988

As a strong supporter of the Act for Better Child Care, I share with my colleagues the firm belief that one of the most important issues facing our nation today is the availability of affordable, quality child care.

This country is on the brink of a realization that we can no longer deliberate over economic policies without examining how those changes will affect our nation's families. Parents, particularly low-income single parents, cannot be forced to choose between the responsibilities of raising a family and the necessity of employment. ABC will address our nation's child care needs by setting up a responsive, effective infrastructure of licensed child care centers staffed by trained professionals, and also give assistance to family day care providers.

It's an expensive investment -- but the key word is investment. ABC, and child care in general is not anti-family, as we will hear from some of today's witnesses. Child care is an investment in our families, and perhaps most importantly, in the future of our children.

As this Subcommittee has heard during our hearings on child care, for poor children quality care can make all the difference in their future. Care that is modelled after quality preschool and early childhood development programs has been found to be very effective in giving children from disadvantaged homes the basic academic and developmental skills necessary to their future success.

ABC is a joint federal, state and local partnership committed to safeguarding and enhancing the lives of our children. It is a commitment that is long overdue.

I want to thank the Chairman for holding this hearing, and I look forward to today's testimony.

Mr. **Kildee**. Thank you, Mr. Sawyer.

Mr. Ballenger.

Mr. **Ballenger**. Thank you, Mr. Chairman.

Although I'm not a member of the subcommittee, I would like to make a short statement as a representative. As Mr. Sawyer said, I'd like to put my full statement into the record.

Mr. **Kildee**. Without objection.

Mr. **Ballenger**. But if I may just say this.

As many members of the committee have already heard me say in previous hearings, the district which I represent has an unusual problem: low unemployment. We actively seek good workers. Doing my tenure as a county commissioner working with the Welfare program, I met many good people who wanted to work, but there was a catch: they needed child care for their children and could not afford to pay for it. They were trapped in the welfare cycle and could not break out.

With the help of my wife Donna, who will be on a later panel, 10 years ago we started Community Ridge Day Care Center in Hickory, North Carolina. Community Ridge is a subsidized center, nonprofit, which predominantly serves low-income children for an average cost to the parent of $30 a week. This center receives money from local businesses, from charity organizations, from the North Carolina Department of Social Services, the Federal School Food Supplement Reimbursement program, and fees from parents.

The Center complies with all regulations of the State of North Carolina, and has been a success since it was opened 10 years ago. If you really want to get some answers about day care, my wife would be glad to help you out.

Thank you, sir.

[The prepared statement of Hon. Cass Ballenger follows:]

HOUSE EDUCATION AND LABOR COMMITTEE
CHILD CARE HEARING
APRIL 21, 1988

STATEMENT BY REPRESENTATIVE CASS BALLENGER

Mr. Chairman, I appreciate the opportunity to appear before Subcommittee today and I commend your interest in the child day care.

As members of the committee have heard me say in previous hearings, the District I represent has an unusual problem--low unemployment. We actively seek out good workers. During my tenure as a county commissioner, working with the welfare program, I met many good people who wanted to work. But there was a catch--they need child care for their children and could not afford to pay for it. They were trapped in the welfare cycle and unable to break out.

So with the help of my wife Donna, 10 years ago we started the Community Ridge Day Care Center in Hickory, N.C. Community Ridge is a subsidized center that predominately serves low-income children for an average cost to the parent of $30 a week. The center receives money from local business and charity organizations, the N.C. Department of Social Services, federal school food reimbursement and fees from parents. This center complies with all state regulations.

Community Ridge has been a success since it opened, primarily because it offers quality care at a reasonable cost. My grandson, Matt attended Community Ridge for this very reason. Additional information on the center is attached.

Donna and I were able to step in and fill a need in the child care market because there were few restrictions and regulations to hinder the process. Had the Act for Better Child Care Services (ABC) been in effect back in the 1970's we would have been faced with rules, regulations and constraints that discourage involvement in providing day care.

Consider the new layer of federal bureaucracy established under the bill-- the "National Advisory Committee on Child Care Standards" and the "Office of the Administrator of Child Care." This new level of bureaucracy would control funds allocated to states, monitor and approve state "comprehensive day care plans," and enforce extensive new federal regulations. Consider next that each state would have to establish additional government organizations to implement the day care rules. New bureaucracy at the state and federal level would be paid for out of federal tax dollars.

An additional burden will be placed on state governments. Each state must provide 20 percent matching funds in new appropriations. The North Carolina 1988 budget for child care is $16 million and the additional 20 percent requirement would be burdensome.

The ABC bill seeks to establish a "minimum standard" requirement for all states. While this "sounds good" on paper, in practice it could be a disaster. Also, every state that accepts ABC money would be required to follow federal regulations. This provides little tolerance for individual state law that best suits the situations in that state. All states have some form of regulation for day care centers and home-based care. That's the way it should be.

The ABC bill would increase the cost of child care by requiring day care personnel to meet training requirements at government-certified centers. All states would have to meet child-staff ratios that would be determined by nationwide standards. In about half the states, day care centers would have to raise existing staff levels and increase the cost for each child.

The basic decision regarding day care options for a child is choice. Parents deserve the right to decide who will care for their child and where. Some parents may prefer a "Community Ridge" setting for their child, while others may prefer care provided by friends or relatives. Others may find the best type of care is offered by a neighborhood church. Finally, some Mothers simply prefer to stay home and care for their children.

These are all good choices for the family and for the child. Yet under the ABC bill only parents choosing government approved day care centers will qualify for federally subsidized care.

Another consideration is cost: Will day care providers still be able to provide care at a reasonable price? Under the ABC bill states will also have to implement specific child-staff ratios for group care centers based on a nationwide standard. This will undoubtedly increase the number of staff, which will lead to higher costs or a more limited enrollment.

If Congress wants to help solve the so-called "crisis in child care," why not do something that will actually help families? Let's provide tax credits for child care for all families with children. This would include working or non-working mothers.

And while we are crafting this new policy, let's direct grants to states which will help low income families and single parents cover some of the cost of child care.

State governments provide the best place to oversee child care practices. If we really want to improve quality, training, and increase availability of child care providing block grants to states will ensure the success of this option.

We should also encourage the private sector to become involved in the child care market. A tax credit for business would help employers sponsor quality care for employees' children.

There is no simple solution to the child care dilemma. As a parent, I recognize that a "one-size-fits-all" mandate will not work simply because child care needs differ from family to family. Diversity and flexibility in child care needs must be recognized to encourage the best possible care for America's children.

Community Ridge Day Care Center
"AA CENTER"
Hickory, North Carolina

-- serves 94 children ages 6 weeks to 5 years

-- it is open 6:30 a.m. to 5:00 p.m., Monday - Friday

-- the Center, as part of the N.C. Food Service program provides breakfast, lunch and an afternoon snack for all children

-- for infants, mothers must provide formula and diapers until the child can begin eating baby food (age 3 months)

-- the staff consists of:

1 Director	
1 Infant Teacher	(for 5 children)
2 Toddler Teachers	(for 7 children)
2 Two Year Old Teachers	(for 18 children)
2 Three Year Old Teachers	(for 18 children)
2 Four Year Old Teachers	(for 22 children)
2 Five Year Old Teachers	(for 23 children)
2 Part-Time Teachers	
1 Secretary	
2 Cooks	

-- the care is available for the cost of $35 per week for children under age two and $30 a week for children over age two

-- 60 to 65 percent of children are from low income homes and participate in the N.C. purchase care program whereby the Department of Social Services determines the payment level which can range from $5 to $95 a month

-- the Center does have a waiting list, usually the children can be accomodated in a short time frame

-- subsidized by the N.C. Department of Social Services, the Junior League, United Way and local businesses

-- teachers pay begins at the minimum wage and is increased over length of time they work;

-- teacher benefits include:
Social Security, workman's comp., unemployment comp., free lunches, payment of 1/2 of health insurance and $10,000 life insurance policy per employee.

Mr. KILDEE. Thank you, Mr. Ballenger.

Our first witness this morning is a colleague, the Hon. Clyde Holloway, who has introduced legislation in this area.

Mr. Holloway.

STATEMENT OF HON. CLYDE HOLLOWAY, A U.S. REPRESENTATIVE FROM THE STATE OF LOUISIANA

Mr. HOLLOWAY. Thank you, Mr. Chairman, for giving me this opportunity to testify here this morning.

I want to voice my opposition to the Act for Better Child Care, the ABC bill.

In Louisiana, Mr. Chairman, the only thing worse than a bad idea is an expensive bad idea, and the ABC bill is both. The ABC bill is a bad idea for three reasons. First, it is a bad idea because it restricts the choice of women. The feminist movement has labored long and hard to ensure that women enjoy a full range of choices in their lives, from full-time motherhood to full-time career.

I'm glad to know that my two daughters will not be limited in their choice of lifestyles and careers as my wife's generation was. The ABC bill, however, represents a step backward for women, because it narrows their range of choices. By substituting only public, federally-run child care at the expense of private, church-run, or home based child care, the ABC bill has the financial effect of dictating to women what form of child care they should use.

More importantly, ABC makes it more difficult for women to choose full-time motherhood. Women who elect to provide their own child care by working as full-time mothers receive absolutely no assistance under ABC.

ABC is an anti-woman choice, and that is one reason why I'm anti-ABC.

The second reason that ABC is a bad idea is because it is simply too expensive. We're supposed to be talking about child care here, but I say that if we really care about our children, we should not create another expensive program that will further mortgage their future.

Right now, the share of our Federal debt for each and every American taxpayer is over $18,000. ABC will add to that a program that will cost $2.5 billion now and which is sure to increase in the future. It is our children who eventually have to pay for this.

Finally, ABC is a bad idea because it does not give us our money's worth. There are 20 million preschool children in America, but ABC will reach only about 700,000 to 1 million of them. Administrative costs will eat up at least 25 percent of the funds that ABC proposes to offer, further eroding its ability to provide real assistance.

In short, we are reaching too few children and buying too much bureaucracy. The ABC bill is bad policy. I urge anyone and everyone interested in the future of our Nation's children and families and in the rise of women and the Federal deficit to look past the comfortable rhetoric surrounding ABC to see it for what it really is.

Mr. Chairman, I did not come here to criticize ABC without first developing an alternative solution. H.R. 3944, my Dependent Care

Tax Credit Reform Bill, gets to the heart of the matter by giving aid to the unit of society which is primarily responsible for child care—the family.

H.R. 3944 will enable families to meet their child care needs by increasing their disposable income. H.R. 3944 gives families a choice by putting the money in their pockets. Parents will be free to choose the type of day care that meets their needs—public, private, home, or church-based. By assisting all families with preschool children, my bill does not discriminate against those parents who choose to make parenting a full-time occupation.

Unlike ABC, my proposal is financially responsible as an option. The credit will cost only $800 million above the current dependent tax credit, as compared to ABC's $2.5 billion over the current credit. Perhaps more importantly, the cost of the tax credit will not grow in future years. We cannot make that same claim about ABC.

Under my proposal, low-income working parents who would not ordinarily take advantage of a tax credit will still benefit. For these parents, the credit is refundable to the extent that they pay Social Security tax. In other words, low income parents will benefit from this reduction in the amount of that taken out of their paycheck.

Just touching a little further on that, if you have a family of four, and two of them are preschool children, they would get $800 tax break if they make even $12,000 or $16,000. That's $66 per month that goes directly back into their family's budget. I think that's very, very important.

I don't know that in ABC we know where the money's going to be spent. I think that's one of the problems in ABC: there's no clear-cut definition of what a low income family is going to get from ABC.

H.R. 3944 can accomplish what ABC attempts but fails to do. It offers more assistance, more choice, to more families, with less cost to the Government. Rather than subsidize public day care, let's enable parents to care for their own children.

Thank you very much.

I'd welcome any questions—I don't know how you choose to do that.

[The prepared statement of Hon. Clyde C. Holloway follows:]

Testimony of Rep. Clyde C. Holloway
before the Subcommittee on Human Resources
April 21, 1987

I want to voice my opposition to the Act for Better Child Care, or the ABC bill. In Louisiana, Mr. Chairman, the only thing worse than a bad idea is an expensive bad idea. The ABC bill is both.

The ABC bill is a bad idea for three reasons. First, it's a bad idea because it restricts choices for women. The feminist movement has labored long and hard to ensure that women enjoy a full range of choices in their lives, from full time motherhood to full time career. I am glad to know that my two daughters will not be as limited in their choice of lifestyle or career as my wife's generation was.

The ABC bill, however, represents a step backward for women because it narrows their range of choices. By subsidizing only public, federally-run child care at the expense of private, church-run, and home-based child care, the ABC bill has the financial effect of dictating to women what form of child care they should use.

More importantly, ABC makes it more difficult for women to choose full-time motherhood. Women who elect to provide their own child care by working as full time mothers receive absolutely no assistance under ABC. ABC is anti-woman's choice and that is one reason why I am anti-ABC.

The second reason that ABC is a bad idea is because it is simply too expensive. We're supposed to be talking about child care here, but I say if we really cared about our children, we would not create another expensive entitlement program which will further mortgage their future. Right now, the share of our federal debt for each and every American taxpayer is over $18,000 dollars. ABC will add to that a program which will cost 2.5 billion dollars now and which will be sure to increase in the future. It is our children who will eventually have to pay for this.

And finally, ABC is a bad idea because it does not give us our money's worth. There are 20 million preschool children in America, but ABC will reach only 700,000 to 1 million of them. Administrative costs of these programs will eat at least 25% of the funds ABC proposes to offer, further eroding its ability to provide real assistance. In short, we are reaching too few children and buying too much bureaucracy.

The ABC bill is bad policy. I urge anyone and everyone interested in the future of our nation's children and families, the rights of women, and the federal deficit, to look past the comfortable rhetoric surrounding ABC and to see it for what it really is.

Mr. Chairman, I did not come here to criticize ABC without first developing an alternative solution. H.R. 3944, my Dependent Care Tax Credit Reform Bill, gets to the heart of the matter by giving aid to the unit in our society which is primarily responsible for child care: THE FAMILY. H.R. 3944, will enable families to meet their child care needs by increasing their disposable income.

H.R. 3944 gives families a choice. By putting more money in their pockets, parents will be free to choose any type of daycare that meets their needs: public, private, home- or church-based. By assisting ALL families with preschool children, my bill does not discriminate against those parents who choose to make parenting a full time occupation.

Unlike ABC, my proposal is a fiscally responsible option. The credit will cost only $800 million as compared to ABC's $2.5 billion. Perhaps more importantly, the cost of a tax credit will not grow in future years. We cannot make the same claim about ABC.

Under my proposal, low income working parents who would not ordinarily incur enough tax liability to take advantage of the tax credit, will still benefit. For these parents, the credit is refundable to the extent that they pay Social Security tax. In other words, low income parents will benefit from a reduction in the amount that the I.R.S takes out of each paycheck.

H.R. 3944 can accomplish what ABC attempts, but fails to do. It offers more assistance and more choice to more families with less cost to the government. Rather than subsidizing the public day care industry, let's enable parents to care for their own children.

Mr. **Kildee**. Thank you, Mr. Holloway.

I would just like to respond to your statement that the ABC bill would provide only one type of child care.

I appreciate the fact that you recognize there is a need for child care out there, and you and I have had some talks about that on the floor. I appreciate the contributions you have made. The ABC bill says that the plan shall provide that funds be distributed to a variety of child care providers in each community, including child care centers and family day care providers. We want to provide as many options as possible, and there are many options out there existing today in churches and in family day care centers.

We would not want to limit it to one type, either. We share your concern on that.

Mr. **Holloway**. Well, I guess my biggest problem is that I don't really know exactly where the money is going to go from ABC. I think that we as a Federal Government should be tired of laying money out and not knowing where it's going and who's going to be the recipient and who would gain from it. I think we very definitely need to look at families in the $10,000 to $20,000 income bracket who are working Americans and trying to make it out working.

Mr. **Kildee**. Are there any questions of Mr. Holloway?

If not, Mr. Holloway, we appreciate your coming here this morning, and I appreciate our conversations on the floor about this. I'll be looking forward to working with you.

Mr. **Holloway**. Thanks again for the opportunity.

Mr. **Kildee**. Thank you very much.

Our next witness is our colleague, Congresswoman Olympia Snowe. Accompanying Ms. Snowe is Cleo Terry, Child Protection Manager of the Illinois Department of Children and Family Services.

Some may have read recently that Ms. Terry recently discovered 47 children being cared for by one provider in an unlicensed child care facility.

We welcome you both here this morning, Ms. Snowe.

STATEMENT OF HON. OLYMPIA J. SNOWE, A U.S. REPRESENTATIVE FROM THE STATE OF MAINE

Ms. **Snowe**. Thank you, Mr. Chairman.

I'd like to thank the committee as well for allowing me to testify here today. I want to congratulate you, Mr. Chairman, for your leadership on this issue, and Congressman Tauke, the ranking member of the subcommittee and the subcommittee itself for addressing this issue this year. Hopefully, the Congress ultimately will enact legislation addressing a problem that I think is a major concern to American families.

First I'd like to introduce Cleo Terry, who's with us today as the Child Protection Manager of the Illinois Department of Children and Family Services.

You may have heard recently about the closure on April 5 of an illegal, unlicensed day care home in Illinois. That particular home had 47 children in the basement without adequate fire exits. In fact, there were no beds, just wooden pallets. Some 32 of these children were under the age of 2.

Now, I know that it has been said that there is no general shortage of day care nationally. I suppose that's true if you don't also consider the issue of quality child care. I hope we're not in a position of forcing families to make these kinds of choices when it comes to what is available in order to accommodate child care arrangements and at the same time either work full or part time to supplement family income.

I believe that child care is a National crisis in this country. It is a crisis that affects our children, our businesses, families, and the whole economic well-being of the United States. It is a crisis which really represents itself in the form of the lack of affordable quality child care in this country.

I think a consensus on this particular issue has been reached in the Congress. Evidence of that is the number of bills that have been introduced in this Congress by both Republicans and Democrats as well, and I think it reflects the idea that indeed we have to address this critical issue this year.

The American family faces this crisis Nationwide, and therefore it seems to me that we have to address this issue in a comprehensive fashion. That is why I'm a primary co-sponsor of the ABC bill. I think it gets to the heart of the issue in conjunction with efforts that are being supplemented at the State level, as well as private sector initiatives as well.

It's time for our Nation to recognize that what has been happening in our family structure—the two parent, one earner family is no longer the norm in today's American society. We must face the reality of a workforce that is made up of over 20 million working mothers. Over 55 percent of all women now work outside the home, and two-thirds of working mothers are either the family's sole wage earner, or supplementing family income of $15,000 or less.

As a result of this shift in the work force, as well as the demographic changes in this country, many parents are in need of child care alternatives. Some 71 percent of mothers working full time have children under the age of 18, and 66 percent have children under the age of 3. So, how are these children cared for?

In 1984, there were 2 million to 3 million providers in this Country for child care. That includes centers, day care homes, other informal arrangements—relatives and neighbors. At the same time, there were 23 million children in need of care.

I would like to point out that this is not a passing trend. The Department of Labor estimates that more than 80 percent of women between the ages of 25 and 44 will enter the workforce by the year 1995, and by 1990, the number of children under the age of 10 is expected to increase by 14 percent, to 38 million.

So parents are left with the problem of locating the best possible child care they can find for their dollar, which can be extremely difficult to do. Costs are prohibitive, and good quality is both expensive and rare. There isn't even enough care available at any price.

The average cost of child care in this country is $3,000 per child per year. The first item a parent has to consider is affordability. That $3,000 represents a third of the poverty level income for a family of three, and it represents half of the family income of a family of four. So, on many occasions, affordable child care is all too often represented by lower quality care. The result is a double standard, particularly for lower income families who have to settle for second and third best.

Further, in 1986 child care workers with an average education level of 14 years earned a median annual income of $9,200. This as we have heard so many times before, but I think it makes a point, is comparable with the salary of zookeepers. I find it interesting that the salaries for taking care of children are comparable to the salaries for taking care of animals.

Existing Federal and State programs are not providing the solution to our child care needs. Only 18 percent of Federal Title 20 social service block grant funds are used for child care services. The head start preschool programs for disadvantaged children are only serving 18 percent of the eligible children in this country. The Dependent Care Tax Credit is irrelevant to the lowest income families simply because they do not file tax returns, or because their tax credit exceeds their tax liability.

Assuming a family is able to locate care, then also there is no certainty as to the safety of children when they're placed in centers or other forms of care. That's because there are no national minimum requirements for safety and health. Many States do have minimum standards. There are some States that have no standards for day care centers or for day care homes or for both.

We need to have some assurances and certainty put into place with respect to these standards. I personally think that if a center or a home or some kind of day care provider wants to have Federal funds, then they should adhere to the standards that we establish at the Federal level.

Frankly, I compare it to the issue of civil rights restoration. We establish certain standards if someone wants to have access to Federal funds. So too this should be the case with child care.

I think that licensing is a very critical issue in all of this. I think we have to establish the bottom line when it comes to the kind of day care that we want to establish in this country. Many States have already proceeded in that manner, and I think the ABC bill also reflects that in drawing on the median requirements of many States when it comes to staff to child ratio or group size.

Finally, I think the ABC bill addresses a number of issues that have not been addressed heretofore in Federal legislation. This makes it more affordable for low income families, provides for training of child care workers, and helps providers meet licensing standards in this country. Also, it makes child care more available and affordable in all respects.

It has been 17 years since Congress has addressed the day care issue in a comprehensive fashion. The problem has gotten worse since that time. We know that the Federal Government can't handle this issue unilaterally. We know the State Government cannot do it singlehandedly, and certainly the private sector cannot meet the demand.

That's why it's absolutely essential that we create a partnership in this regard. Back in 1983, I conducted a series of hearings on women in the workforce, sponsored by the Joint Economic Committee. It was absolutely clear to me at that time that child care was one of the primary barriers for women entering the workforce, and it was one of the primary barriers for equal opportunity for women in this country.

That's why I had introduced legislation to increase the Dependent Care Tax Credits to 50 percent for those who were earning less than $10,000. It was clear then that it was a problem, and it's clear today that it's even more of a problem. I think that if we deny this issue this year to working families in this country, it will be several years out before we begin to address this issue. I think that's unfortunate, since the problem is there.

If there's no shortage in this country, why then in my State is it that every time I visit a child care center, there are waiting lists upon waiting lists at every child care center. If we begin to split hairs between what kind of care is needed—whether it's infant care or after school care—then I think we're going to have problems in addressing this issue.

I hope that this committee and this Congress can reach a consensus so that we can begin to face the realities of what is before us in this Country.

Thank you, Mr. Chairman.

I'd like to turn it over to Cleo Terry, who's with us today.

[The prepared statement of Hon. Olympia F. Snowe follows:]

Testimony of Rep. Olympia J. Snowe
House Committee on Education and Labor
Subcommittee on Human Resources
Hearing on the Act for Better Child Care
April 21, 1988

Mr. Chairman, I would like to thank you for the opportunity to appear before you today to address the major concern of the American family.

I would also like to introduce Cleo Terry, a Child Protection Manager of the Illinois Department of Children and Family Services. You may have heard about the recent closure of an illegal, unlicensed day care center in Waukegan, Illinois where 47 children were being cared for in a basement of a house without adequate fire exits. Thirty-two of these children were younger than 2 years old.

Mr. Chairman, our nation is currently facing a crisis -- a crisis that affects our children, our families, our businesses and our whole economic well being as a country. This crisis is the lack of affordable, quality child care.

Some would say that the child care shortage does not exist. However, statistics show that 2.1 million children 5 to 13 yeras old regularly spend some period of time without supervision after school. And a 1987 study of 129 hospitals, which according to the Conference Board are the most likely employer to provide day caae, showed that their child care facilities were turning away two out of three babies.

American families face this crisis nationwide and must address it on a comprehensive basis. The Act for Better Child Care is the first legislation to do so as well. In conjunction with other federal, state and private efforts, this will help stem the crisis.

It is time for the nation to recognize what has been happening in our family structure. The two-parent, one-earner family is no longer the norm.

Instead, we must face the reality of a workforce made up of over 20 million working mothers. Over 55 percent of all women now work outside the home. And two-thirds of working mothers are either the family's sole wage earner or are supplementing a family income of $15,000 or less.

As a result of this shift in the workforce, many parents are in need of child care solutions. 71 percent of mothers working full-time have children under 18, and 66 percent have children under the age of three. How are the children cared for?

In 1984, there were an estimated 2 to 3 million child care providers of various type, including centers, outside family care settings, and informal arrangements involving relatives or neighbors. At the same time, there were 23 million children requiring care.

I want to point out that this is not a passing trend. The Department of Labor estimates that more than 80 percent of women between the ages of 25 and 44 will be working by 1995. And by 1990, the number of children under age 10 is expected to increase by 14% to 38 million.

Parents are left with the problem of locating the best possible child care they can find for their dollar, which can be extremely difficult to do. Costs are prohibitive, good quality is both expensive and rare, and there isn't even enough care available at any price.

With the average cost of child care $3,000 per child per year, the first item a parent must consider is affordability. Unfortunately, affordable child care is all too often lower quality care. The result is a double standard of child care, with lower-income families having to settle for second or third best.

It has been said that most working parents have found child care; of course, how else would they be able to work? The issue is what kind of care are parents forced to rely on.

Further, in 1986, child care workers, with an average education level of 14 years, earned a median annual income of $9,204. This is comparable with that of zookeepers. I find it interesting that the salary for taking care of children is comparable to that for taking care of animals.

Existing federal and state programs are not providing the solution to our child care needs. Only 18 percent of the federal Title XX Social Services Block Grant funds are used for child care services. The Head Start preschool program for disadvantaged children is only serving 18 percent of the eligible children. And the Dependent Care Tax Credit is irrelevant to the lowest income families who do not earn enough to file tax returns.

Assuming a family is able to locate some sort of care, no certainty exists as to the safety of their children. That is because there are no national minimum requirements for safety and health.

Granted, many states do have some minimum standards. However, there is no uniformity to them, nor any assurances that they are adequate.

To ensure the well-being and proper care of America's children, we need to establish uniform national standards. I do not suggest the federal government create another regulatory behemoth; but minimum safety precautions are urgently needed. I believe that we have a responsibility to ensure that a child is in a safe environment, not a place where accidents are waiting to happen.

The Act for Better Child Care meets these fundamental concerns. It addresses the wide range of problems which surround child care in this nation. These include enabling lower-income families afford care; training new child care workers, helping more providers meet licensing standards, and other measures to increase the availability and affordability of quality child care.

It has been 17 years since Congress considered a comprehensive approach to child care. The problem has only worsened, and the private sector alone has not been able to handle the massive demand. According to the Conference Board, only 3300 companies offer child care assistance of some kind to their employees. In today's society, where a woman's contribution to the workforce is not only necessary but desirable, it is past time for the federal government to act.

We must participate in a partnership with state and local government, as well as the private sector, to ensure a safe, quality environment for our children. After all, an investment in our children now will result in a sound and prosperous future -- for them, and for the nation.

STATEMENT OF CLEO TERRY, CHILD PROTECTION MANAGER, ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES

Ms. TERRY. As Child Protection Manager in Illinois, I'm responsible for an eight-county area that borders on Metropolitan Chicago.

Of those eight counties, two are the richest in the State in terms of per-capita income. There are 3 very rural counties, and 4 cities with populations between 60,000 and 100,000 persons.

As the demand for day care services has increased dramatically in the past few years in Illinois, as concerns have arisen and problems come to light. Governor James Thompson of Illinois and the Illinois Legislature have responded with a series of amendments and refinements of its Child Care Act, which was passed in 1969.

For example, all applicants for licenses in Illinois must submit to both a criminal background check and a check of the child abuse and neglect State central register as a condition of their license or employment.

We have recently passed a bill that will allow for group day care homes, increasing the maximum number of children that can be cared for in a family home from 8 to 12. Our staff are now required to receive 10 days of intensive training and pass competency exams prior to working in the field.

Again, that is a requirement by statute in Illinois.

Since 1982, our department's director, Gordon Johnson, has had the legal authority to issue administrative orders of closure of license facilities in instances where the health and safety of children was immediately jeopardized. Since 1987, he has had that authority in unlicensed facilities.

Thus far, in fiscal year 1988, he has used that authority in four occasions. But despite its progressiveness, Illinois like other States has much more to accomplish. In some areas, facilities abound, while in others there are few. Costs in part of my area are as high as $120 per week per child.

We are continually dealing with problems in unlicensed day care facilities. In the first few months of 1988, the department received 224 such complaints, of which 60 percent were found to be true. Day care is out of the reach of most parents earning $5 to $6 an hour. It's not available for parents whose children have handicaps or special needs, and it's often not available for parents who must work nights or weekends.

It is those parents and those children who have no choice but to resort to the underground day care system. I have personally seen the results of that. In the past 7 months, I have been involved in cases where two children have died in unlicensed day care. Babies have been found lying on the floor of a basement where children had been sexually abused. The parents of these children were not uncaring, unconcerned people. They are people who, for a variety of reasons, did not have access to anything but substandard daycare.

Day care is not a problem just for parents of young children. When children are subjected day in and day out to substandard care, we all pay the cost. States must work with local communities, identify local community needs, and work in partnership to meet those needs.

Thank you.

[The prepared statement of Cleo Terry follows:]

TESTIMONY OF CLEO TERRY

CHILD PROTECTION MANAGER
ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
APRIL 21, 1988

The function of child care regulation is to ensure at least a minimum level of care and protection to children who are in the care of individuals other than their own parents. As more and more mothers of young children return to the workforce, the quality of child care that is available to them has broad impact on our most vulnerable population, and ramifications for the future of this country.

We know that young children learn through stimulation, through play, through interaction with adults. We also know that when they do not receive this, their development is impaired, perhaps permanently. This in fact was the concept on which Headstart programs were based. Targeted towards low-income families, it was believed that the children of the poor were handicapped in their earliest years by the lack of exposure to such simple things as books, crayons and toys. What this country now faces is the possibility that these handicaps will extend beyond low-income families, and that its cause will not be the poverty of the families, but the poverty in day care resources in this country.

Chapter 23 of the Illinois Revised Statutes, the Child Care Act of 1969, grants the Illinois Department of Children and Family Services the authority to regulate child care within the state. As the demand for day care has increased, as issues have arisen and problems come to light, Illinois has responded with a an on-going series of amendments and refinements of its laws, that were directed toward ensuring adequate protection for children while not constraining the growth of resources in the community. The key to all legislation related to day care is, in fact, the maintenance of a delicate balance between the need for quality care and the very real need of parents to have a wide range of choices available to them, at a realistic cost.

During the past few years, the Illinois legislature has passed a series of amendments designed to accomplish that purpose:

1) Illinois licensing staff are now required by statute to undergo a ten day intensive training program prior to any contact in the field. At the conclusion of this training, they must pass a competency examination, and if a satisfactory score is not achieved, they must receive further training. Additionally, they are required to receive twenty hours of in-service training during any two year period.

2) Illinois also has a statutory requirement that licensing staff provide consultation to day care facilities, both in regard to programmatic requirements as well as compliance with licensing standards. Thus, the Illinois licensing program is not directed merely towards enforcement, but also towards assisting both day care homes and day care centers to provide quality child care and to meet the needs of the individual community.

3) In 1987, a statutory amendment was passed that allowed for the issuance of a conditional license, in instances where full licensing compliance was not achieved but the non-compliance did not have a direct effect on the health or safety of the children. This license, which is issued for six months only and is not renewable, is clearly marked as such so that parents of any children in attendance at the facility would have access to complete information about the areas of non-compliance.

4) Also in 1987, Illinois passed legislation with an effective date of 7/1/88 which allows for group day care homes. Licensees will be allowed to care for up to twelve children rather than the usual eight. Appropriate staff to child ratios are required.

5) The education of parents about day care is an important part of the Illinois licensing program. Two brochures, "Choosing and Evaluating A Day Care Home" and "A Message To Parents of Children In Day Care Centers" are required, by statute, to be distributed to all parents at the time of enrollment. Both brochures encourage the parents to bring any concerns about their child's care to the facility director, but also include a brief form which allows them to inform the Department of any possible violation of licensing standards.

6) In 1985, Illinois passed a requirement that all licensees and any employees working in a licensed child care facility authorize a background check of the Illinois Child Abuse and Neglect State Central Register, which retains all indicated reports of child abuse and neglect within the state. An individual who refuses to authorize this check may not be licensed or employed. Additionally, the Department developed a coordinated response system to reports of child abuse or neglect in licensed child care facilities. When a report of abuse or neglect in a licensed facility is received and a determination is made that there is "reasonable

cause", investigative staff are required to immediately notify the appropriate licensing administrator, both verbally and in writing. The licensing administrator must make immediate contact with the licensee or facility director and, in conjunction with that individual, develop a protective plan that restricts the alleged perpetrator from contact with children in the facility during the pendency of the investigation in accordance with a 1986 amendment to the Child Care Act. At the conclusion of the investigation, the licensing administrator is notified of the finding. If the case is indicated, a complete copy of the investigation is forwarded so that a decision can be made regarding what enforcement activity is appropriate.

7) Since 1982, the Department has had the statutory authority to issue an Administrative Order of Closure of licensed facilities in cases where continued operation of the facility jeopardizes the health, safety, morals or welfare of children served. In 1987, that authority was extended to include unlicensed facilities. The Department Director, Gordon Johnson, who is the only person who can issue such an order is aware of the serious ramifications of that action, and this authority has been exercised only in cases of real and immediate danger. During Fiscal Year 1988, it was used four times in the state: with two day care centers, one day care home and one unlicensed day care home. In these situations, because of our recognition of the impact of an immediate order of closure upon the parents, we have made it a policy to offer immediate assistance to the parents in locating other child care. Through local media, we have released names and telephone numbers of staff who are available to provide assistance and have urged that they contact us. When possible, we have initiated contact with the parents. Where a lack of resources has been evident in contributing to sub-standard day care, the Department has been instrumental in reaching out to the community and offering its technical assistance in resource development.

8) Illinois continues to deal with numerous complaints of unlicensed child care facilities, mostly day care homes. Two hundred and twenty four such complaints were received during the first seven months of Fiscal Year 1988. A recent statutory amendment now requires the Department to refer every case to the local State's Attorney, while

> previously, discretion could be used. Operating an unlicensed child care facility is, in Illinois, a Class A Misdemeanor, punishable by a one year prison sentence and a thousand dollar fine. Through cooperative efforts with local State's Attorney's offices throughout Illinois and a commitment on the part of both parties, great strides have been made in the effective and appropriate prosecution of these cases.

In many ways, Illinois has a sophisticated, effective child care regulatory system. Its Governor and Legislature have shown continual sensitivity to the needs of children and their parents for safe affordable child care. Great strides have been made in just the past few years. Yet there is much more to be accomplished.

My eight county area of Illinois, which borders metropolitan Chicago, includes the two richest counties in the state in terms of per capita income, three very rural counties and four cities with populations of 60,000 to 100,000. There are four hundred and fifty three (453) licensed day care centers and eight hundred and eighty two (882) day care homes licensed in those eight counties, yet not all the need is met.

In some areas, day care facilities abound, while in less populous areas, there are few. The average cost of day care per week per child in my region is about $75.00. What about the parent who earns $5.00 - $6.00 an hour? What about the parent who has two or three pre-school children? What about the child who is handicapped or has other special needs? What about the parent who works nights or week-ends?

It is these parents and these children who are most likely to resort to the "underground day care system" and I have personally seen the tragedy of these instances. In a period of just a few months, I have been involved in cases where children have died, where children have been sexually abused, where babies have been found lying on the floors of basements because their parents, for a variety of reasons, had no access to regulated, quality day care.

I recently had reason to survey the licensed child care resources of one city with a population of 70,000 people. That survey revealed only 14 day care slots that were available that day, and not one of them would accept a child under the age of two years.

There is no question in my mind that the vast majority of parents are concerned and well-intentioned, and that most make a real effort to find day care that meets their needs and the needs of their child. Child care regulation is directed not at limiting their choices, but at allowing them a wide spectrum of choice. Parents must not be put in a position of having only the choice of not working, or of placing their children in unsafe care. The cost to this country now and in the future is just too great.

While Illinois has strong and effective enforcement of licensing regulations, it, like other states, must couple those enforcement policies with resource development. States must work with local communities to evaluate their day care resources, to identify individual community needs and work in partnership to meet those needs.

Mr. KILDEE. Thank you very much, Ms. Terry.

Are there any questions of Ms. Snowe or Ms. Terry?

No questions?

Yes, Mr. Grandy?

Mr. GRANDY. Thank you, Mr. Chairman.

I just wanted to ask a question about licensing.

I understand, Olympia, from your testimony that you feel this ought to be the jurisdiction of the Federal Government, right? There should be uniform standards in all 50 States?

Ms. SNOWE. Minimum standards.

Mr. GRANDY. Minimum standards.

Ms. SNOWE. Absolutely.

I think if the States want to exceed those standards, that's appropriate as well.

I think we're in a position of distributing Federal funds, and it's appropriate for the Federal Government to determine some basic standards in this area.

More serious problems are likely to develop in unlicensed facilities than in licensed ones. We don't want to discourage informal arrangements, and this legislation doesn't do that. But it is saying that we care about the kind of child care that we provide in this country.

I think that we can decide or make the distinction between what is quality child care and what is not. The incident in Illinois is one of many, unfortunately, in this country. It does happen over time. That's why I think it's absolutely essential, in certain basic areas—the States will be participating in this process because they'll have to submit plans. As I said, in many States, as in the State of Maine, for example, have licensing standards for homes, registered babysitters, and also for centers.

Many States have already moved in that direction. It probably will not be a problem to comply. But there are five years in which to establish a licensing program in their particular State. I think it's an appropriate role.

If the Federal Government is going to provide this money, so too should we have the responsibility of saying that this is appropriate care. I think frankly that if we do not, what we're saying is that in this direct subsidization somehow it is our right to use a particular day care program that might be unlicensed and might not provide that kind of care, just because it is directly subsidized.

Mr. GRANDY. Mr. Chairman, I do have other questions, but I understand the Secretary is on a limited timeframe, so I will reserve the balance of my time.

Mr. BALLENGER. I would just like to ask Ms. Terry one question.

Do you possibly know in your eight county area in Illinois the percentage of those day care centers that are church sponsored day care centers?

Ms. TERRY. No, sir. I don't know what the——

Mr. BALLENGER. Is it a large percentage?

Ms. TERRY. That are church sponsored?

Mr. BALLENGER. Yes.

Ms. TERRY. I would say a relatively small number. Certainly it's not the majority.

Mr. BALLENGER. Oh, no.

I didn't think so.

Would it be possible to get those statistics?

Ms. **Terry**. Yes, sir.

Mr. **Ballenger**. Thank you.

Mr. **Kildee**. We'll keep the record open for that, if you could supply that information.

Let me ask you one question about that one home where 47 children, some very small, were being cared for in the basement.

That was closed, finally, by the State of Illinois. That decision to close it—was it based on both the number and the safety factors aside from the number in that particular setting? Could you tell us what you found there?

Ms. **Terry**. Yes, sir. The Child Care Act states that the director may use the administrative order of closure in instances where the health, safety and welfare of children is placed in immediate jeopardy.

Because of the conditions in that home, the lack of fire exits, the danger to what were some very young babies lying on the floor with other, four to five year old children, the dangers of being fallen on, stepped on, and so on—the director determined that it was an instance of immediate jeopardy.

The administrative order of closure was then issued.

Mr. **Kildee**. Thank you.

Are there any other questions of the two witnesses?

If not, I want to thank both of you for your testimony here today.

Ms. **Snowe**. Thank you.

Mr. **Kildee**. Thank you very much.

Our next witness, Ms. Nancy Johnson, is one of our colleagues who also has a bill before our subcommittee.

Nancy, thank you very much for your presence here this morning.

Ms. Johnson indicates that the Secretary needs to go first, and she would defer to him.

Very good. Thank you, Ms. Johnson.

Mr. Secretary, you're always welcome before this committee. We've had some good discussions and worked together on many projects.

Welcome to you again this morning.

STATEMENT OF HON. WILLIAM J. BENNETT, SECRETARY OF EDUCATION, ACCOMPANIED BY DR. WILLIAM CRYSTAL, CHIEF OF STAFF, DEPARTMENT OF EDUCATION

Mr. **Bennett**. Thank you, Mr. Chairman.

Let me introduce my colleague here at the table, Dr. William Crystal, the Chief of Staff at the Department of Education and a former professor of public policy at the Kennedy School at Harvard University.

I'm grateful to you, Mr. Chairman, Mr. Tauke, and members of the committee, for inviting me to address the issue of child care. It's an issue that this administration cares a great deal about.

Let me begin my testimony by making what should be an obvious, but an often overlooked, point. The issue of child care policy is above all part of the broader issue of how we can best care for and raise our children.

As Secretary of Education, I'm reminded every day of the importance of parents in the education of their children. It is the parents who impart to their children moral standards, discipline, life aspirations, and the security and confidence that come from the sense of deep and permanent love.

As the Rev. Martin Luther King, Jr., said, the group consisting of mother, father and child is the main educational agency of mankind.

It is because of the intimate connection between children's education in schools and their nurture and upbringing prior to school that I welcome the opportunity to address the issue of child care. Because this issue is such an important and sensitive one, especially crucial, I think, before we embrace or reject particular public policy proposals, we must be clear about first principles.

Let me therefore present the fundamental principles that I believe should guide our efforts in the development of public policies bearing on child care.

First, any Government policy or program in the area of child care should be judged by one standard above all others. Does the policy or program under consideration strengthen or weaken, over the long term, the vital social institutions, especially the family, that bear primary responsibility for the nurture and protection of children?

As President Reagan has said, sound public policy must support the family in its mission of child care. In our society, families have the basic responsibility for the care of children. As Michael Melvac has said, family is the original and best department of health, education and welfare.

If our public policies, however inadvertently, undermine and weaken families, or do not pay sufficient attention to supporting and strengthening families, then no amount of additional money and no new Government program will be able to completely undo the damage.

The primacy of the family in this area does not, of course, mean that Government has no role to play. Government can and must support and supplement the efforts of families in a variety of ways. I for one am willing to consider new proposals and new policies and new expenditures, but the best policies in behalf of children would be those that strengthen the family.

This may seem unobjectionable. Everyone says he's for the family. But not all public policies are equally good for families. Some public policies may, even if inadvertently, or only indirectly, damage our Nation's families.

That is why, Mr. Chairman, that I'm disturbed by some of the child care proposals now pending before Congress. They seem, however unintentionally, to put families to one side. They seem to accept as inevitable the declining importance and role of the family, and they seem more concerned with creating new structures than with supporting the very best structures possible for children: families.

While it's true that child care has important implications for the work force, finally and fundamentally child care is a family issue. Child care is, after all, an issue about the care of children.

Second, when we analyze child care policies, we must be sensitive to whether our policies discriminate against families that choose to have a parent stay at home to care for their children.

Of course, the choice as to whether a parent, particularly a parent with young children, should or should not seek employment out of the home must be made by each family. The Government should not bias that choice through its policies.

Many of the child care proposals now before Congress address themselves only to the situation of two working parents or a single working parent. These proposals would take tax dollars from all families, including families in which the mother or father, often at considerable financial sacrifice, stays at home to care for their children, and spend them, in most cases, on families where both parents are working, many of whom are financially better off.

Government policies should be neutral toward the choice of child care arrangements. Secretary of Labor Ann McLaughlin has said—and I quote:

> We must be careful as we address the child care issue. We are dealing with the most fundamental element of human society, the family. To help families, we must guarantee that Federal child care policy is neutral, allowing freedom of choice both for those who work and for those who choose not to.

Third principle: for those parents who do choose non-parental care for their children, we should insist on fair and equal treatment for the various types of child care available to them. Government programs should not favor or promote day care in a secular setting over day care in a religious one, or institutional care over informal care.

I might add, Mr. Chairman, that many disadvantaged families—more so than advantaged families—use informal and religiously affiliated child care, and church run centers. They do this because they prefer them, and they are among the types of child care which some current legislative proposals, I believe, would not help.

Parents should be able to make decisions about the kind of child care they want, and the Government should respect their choice.

Fourth, when we do spend public money, we should consider targeting funds on those most in need—lower income families. As social policy analyst Douglas Besharov, whom you'll hear from later, has written, "The criterion for evaluating any Federal child care program is whether its benefits are directed to those in greatest need."

Fifth and last, seeking to improve the care for our children, we should resist the temptation to set up Government programs that will result in overlapping responsibilities and ever growing bureaucracies. Believe me, I know what I'm talking about when I talk about the ever-growing bureaucracy.

In particular, we must avoid the all-too-familiar pattern of establishing a Federal program that manages to spend large amounts of taxpayer money without actually benefiting those who most deserve help, or that ends up funding bureaucracy blobs rather than benefiting individuals, persons, recipients.

I welcome a fresh, hard look at all of the issues involved in child care. We should not be satisfied with the status quo. Pending legislation contains proposed changes in current tax laws, and there are many other public policy reforms that we should consider. They might include a crackdown on absent fathers for the child support they owe, and ensuring that regulations do not hamper the availability and affordability of child care.

We should also explore ways to encourage employers to provide child care, as well as urging them to institute practices such as flex-time and part time work. We should consider changing laws and regulations that hamper parents from working at home.

We should continue our efforts to improve the delivery of existing services in Federal Government programs that help disadvantaged children prepare for school, to ensure that such programs are doing all they can and should. Nor should we shy away from efforts to strengthen the efforts of families through successful programs like Minnesota's Early Childhood Family Education and Missouri's Parents as Teachers programs, to which young and single parents especially—although all parents are eligible—get assistance in becoming better parents.

The care of young children is not an area in which we should pinch pennies. But we should not make the mistake in thinking that money alone, money without accountability, which translates into bureaucracy and pays for programs that do not embody sound principles, will do the trick.

The dashed hopes of many programs should have brought us to this. We have heard much in recent months about the needs of working parents, but when we are told, for example, that working parents require child care, we should remember this. It is children who require child care. We must be sure that our policies recognize that first purpose.

Thank you, Mr. Chairman.

[The prepared statement of William J. Bennett follows:]

UNITED STATES DEPARTMENT OF EDUCATION
THE SECRETARY

Statement by

WILLIAM J. BENNETT
UNITED STATES SECRETARY OF EDUCATION

before the

House Committee on Education and Labor
Subcommittee on Human Resources

April 21, 1988

400 MARYLAND AVE. S.W. WASHINGTON D.C. 20202

Thank you Mr. Chairman, Mr. Tauke, and members of the committee for inviting me to address the issue of child care.

Let me begin my testimony by making what should be an obvious but is an often overlooked point: The issue of "child care" policy is part of the broader issue of how we can best care for and raise our children. As Secretary of Education, I have been reminded time and again of the importance of parents in the education of their children. It is parents who impart to their children moral standards, discipline, life ambitions, and the security and confidence that comes from a sense of deep and permanent love. As the Reverend Martin Luther King, Jr. said, "The group consisting of mother, father and child is the main educational agency of mankind." It is because of the intimate connection between children's education in school and their nurture and upbringing prior to school that I welcome the opportunity to address the issue of child care today.

Because this issue is such an important and sensitive one, it is especially crucial, before we embrace or reject particular public policy proposals, that we be clear about first principles. Let me therefore present the fundamental principles that I believe should guide our efforts in the development of public policies bearing on child care.

1. Any government policy or program in the area of child care should be judged by one standard above all others: Does the policy or program under consideration strengthen or weaken, over the long term, the vital social institutions --

especially the family -- that bear primary responsibility for the nurture and protection of our children? As President Reagan has said, "Sound public policy must support the family in its mission of child care." In our society, families have the basic responsibility for the care of children. As Michael Novak has said, the family is the original and the best department of health, education, and welfare. If our public policies -- however inadvertently -- undermine and weaken families; if our public policies do not pay sufficient attention to supporting and strengthening families; then no amount of additional money and new government programs will be able completely to undo the damage.

The primacy of the family in this area does not of course mean that government has no role to play. Government can and must support and supplement the efforts of families in a variety of ways. I for one am willing to consider new proposals and policies and new expenditures. But the best policies on behalf of children will be those that strengthen the families.

This may seem unobjectionable. Everyone says he is for families. But not all public policies are equally good for families. And some public policies may -- even if inadvertently, even if only indirectly -- damage our nation's families.

That is why I am disturbed by some of the child care proposals now pending before Congress. They seem, however unintentionally, to put families to one side; they seem to accept as inevitable the declining importance and role of the family; and they seem more concerned with creating new structures than with supporting the very best structures possible for our children: our families.

For while it is true that child care has important implications for the workforce, finally and fundamentally, child care is a family issue.

2. A second principle is this: When we analyze child care policies, we must be sensitive to whether our policies discriminate against families that choose to have a parent stay at home to care for their children. The choice as to whether a parent, particularly a parent with young children, should or should not seek employment out of the home must be made by each family. The government should not bias that choice through its policies.

Many of the child care proposals now before Congress address themselves only to the situation of two working parents or a single working parent. These proposals would take tax dollars from all families -- including families in which the mother or father, often at considerable financial sacrifice, stays at home to care for their children -- and spend them in most cases on families where both parents are working, many of whom are financially better off.

Government policies should be neutral toward the choice of child care arrangements. As Secretary of Labor Ann

McLaughlin has said, "We must be careful as we address the child care issue. We are dealing with the most fundamental element of human society, the family. To help families, we must guarantee that federal child care policy is neutral, allowing freedom of choice for both those who work, and those who choose not to."

3. A third principle: For those parents who do choose non-parental care for their children, we should insist on fair and equal treatment for the various types of child care available to them. Government programs should not favor or promote day care in a secular setting over day care in a religious one, or institutional care over informal care. (I might add that many disadvantaged families use informal and religiously affiliated child care, and church-run centers in the inner-city are among the types of child care which some current legislative proposals would not help.) Parents should be able to make decisions of the kind of child care they want, and the government should respect their choice.

4. Fourth principle: When we do spend public money, we should consider targeting funds on those most in need -- on lower-income families. As social policy analyst Douglas Besharov has written, "The criterion for evaluating any federal child care program . . . is whether its benefits are directed to those in greatest need."

5. Fifth, and last: In seeking to improve the care for our children, we should resist the temptation to set up

government programs that will result in overlapping responsibilities and ever-growing bureaucracies. In particular, we must avoid the all-too-familiar pattern of establishing a federal program that manages to spend large amounts of taxpayer money without actually benefiting those who most deserve help, or that ends up funding bureaucracies rather than benefiting the intended recipients.

* * * *

I welcome a fresh, hard look at all of the issues involved in child care. We should not be satisfied with the status quo. Pending legislation contains proposed changes in current tax laws, and there are many other public policy reforms we should consider. They might include a crackdown on absent fathers for the child support they owe, and ensuring that regulations do not hamper the availability and affordability of child care. We should also explore ways to encourage employers to provide child care, as well as urge them to institute practices such as flex-time and part-time work. And we should consider changing laws and regulations that hamper parents from working at home.

We should continue our efforts to improve the delivery of existing services in federal government programs that help disadvantaged children prepare for school, to ensure that such programs are doing all they can and should. Nor ought we shy away from attempts to strengthen the efforts of families through successful programs like Minnesota's Early Childhood

Family Education and Missouri's Parents as Teachers, programs through which young and single parents especially (although all parents are eligible) get assistance in becoming better parents.

The care of young children is not an area in which to pinch pennies. But we must not make the mistake of thinking that money alone -- money without accountability, money that translates into bureaucracy, money that pays for programs that do not embody sound principles -- will do the trick. The dashed hopes of many well-intentioned Great Society programs should have taught us this much.

We have heard much in recent months about the needs of working parents. But when we are told, for example, that "working parents require child care," we should remember this: It is children who require child care. We must be sure that our policies recognize that first purpose.

Mr. Kildee. Mr. Secretary, you've probably noticed that a vote is on in the House right now, and we're happy that you could finish your testimony before we leave.

We'll go to vote, but we'll be right back with questions.

Thank you very much.

[Recess.]

Mr. Kildee. We appreciate, Mr. Secretary, your indulgence, although I know that you're used to such interruptions in coming before the Congress.

Mr. Bennett. It's like school bells.

Mr. Kildee. That's right.

Having taught school for ten years, I recognize that, too.

You quoted one of my heroes in your testimony, Dr. Martin Luther King, Jr. I won't get the quote exactly correct, but it was about the mother, father and child being the basic unit of education. My classical background also recognizes that the family is the basic unit of society, and we agree on that.

We also recognize that very often there is no father in the family, and that phenomenon has grown a great deal in the last few years.

I was raised in a very traditional family, as I'm sure you were. My mother and father had five children, my father worked at Buick, and my mother worked at home. She worked very hard at home, but she was at home. As a matter of fact, my brothers' and sisters' family life, including myself, is the same way: the father works outside the home, and the mother works in the home.

As I look among my many, many nieces and nephews—my mother has 28 grandchildren—looking among them, they're really a microcosm of America. They're all very good people, all very decent people, but with just about every type of family structure that one can think of.

I think that my nieces and nephews, that third generation from Timothy and Norma Kildee, their generation, decent, good people whom I see regularly when I go back to Flint, are a cross section of America vis a vis their family structure.

We have to recognize that changing family structure whether we like it or not. Some may like it and some may not. But whether you like it or not you must acknowledge that it exists. I would like to see sometimes—I've enunciated this idea often on certain projects, Mr. Secretary, that in the same way that we demand environmental impact statement be attached, I've said for many years, that it might be good to attach a family impact statement to certain things, to see what effect these things will have on the family.

Having said that, we have to say what type of family structure. We find so many types of family structures right now to which to attach that family impact statement.

I think, myself, that helping a mother who is a single parent discharge her maternal responsibilities to take care of her children through providing her some help in her child care needs really has a positive effect on that family unit.

I guess that's a statement, but I'd like to ask you to respond, if you wish, to that statement, Mr. Secretary.

Mr. Bennett. Sure, Mr. Chairman. You and I do share several things in common: work in schools, study of Thomistic philosophy.

But whatever anyone told you about my family background, they got that wrong.

Mr. **Kildee**. Okay.

I was guessing on that one.

Mr. **Bennett**. I did not grow up in Ozzie and Harriet's home, or Father Knows Best's home. It might have been nice to.

In some ways I fit the stereotype of an inner city broken family. My father left my mother when I was quite young. My mother raised my brother and me by herself with help from my grandmother and neighbors—all sorts of informal arrangements. She held two jobs, my mother, and put in whatever time she could with us. But necessities required her to work.

She did this without much benefit from the State or Federal Government, and she could have used some more help.

However, that comes to your question, which is in some families, many single and divorced mothers need help in child care. The answer to that is yes, they do. The question is what form that help should take.

I believe, as I said in my statement of principles, that we should look to families generally and to the strengthening of the family. Several of the suggestions that have come out, such as Congressman Holloway's and others, have talked about ways of strengthening the family, providing more resources for the family, providing more day care and child care if that is necessary, based on the fact that parents could have more resources to spend on this.

But I agree with you that there are needs which must be met to take care of children. The difference that I have with Kildee is the approach taken to respond to that.

Mr. **Kildee**. You would agree also that a mother working to take care of the needs of her own children would probably be a healthier thing, both for the mother and the children, than the mother just drawing AFDC. Would you agree with that?

Mr. **Bennett**. I'm sorry?

Mr. **Kildee**. A mother working to take care of her needs and those of her children probably would be a better thing for that mother and her children than both remaining on AFDC.

Mr. **Bennett**. Well, that all depends.

We obviously see much movement and much discussion on the part of many people towards getting people who are on AFDC and other forms of welfare into the workforce.

But there's a tension here between our interest of seeing people off welfare and into work and our desire that mothers who wish to stay at home with their children be allowed and encouraged to do so, and not prejudiced in public policy from doing so. Again, this is a complicated matter. I wouldn't want to give it a simple answer.

Mr. **Kildee**. It's complicated, but you know, I walk through a real world every day. I have to. When one gets elected and reelected in the area where the largest city has 20 percent unemployment, one has to walk through a real world.

When I go back to Flint, I generally am invited to the country club from time to time, but that's generally not where I go.

Mr. **Bennett**. I don't belong to a country club either, Mr. Kildee, any sort of country club.

Mr. **Kildee**. I did not imply that, Mr. Secretary.

Mr. Bennett. And Brooklyn is every bit as real a world as Flint, Michigan.

Mr. Kildee. Mr. Secretary, wait until I come to a comma before you interrupt me.

Mr. Bennett. Okay.

Mr. Kildee. I was not implying that. Let's not be confrontational here. We've got kids here that we're dealing with, and I'm trying to make a point.

Mr. Bennett. Yes, sir.

Mr. Kildee. I was trying to tell you about my real world.

Mr. Bennett. Excuse me, Mr. Chairman.

Mr. Kildee. That's all right.

I have strong feelings, too, and I don't——

Mr. Bennett. You understand that some people think that all Republicans were born rich, to at least two parents.

Mr. Kildee. No, I know Tom Tauke, you see, and so I know not all Republicans are rich. [Laughter.]

Mr. Bennett. And that we all belong to country clubs.

Mr. Kildee. Okay.

Let's be friends.

Mr. Bennett. Let's start over.

Mr. Kildee. The bottom line is this. Any bill written here on the Hill is written here, not on Mount Sinai. So we're trying to work our way through certain things.

Mr. Bennett. Yes, sir.

Mr. Kildee. I'm just saying that I do live and go back to that real world. I mentioned the country club because I don't usually eat there. I eat in the restaurants where the poor people work, and where the poor people and working people often eat.

Mr. Bennett. Yes, sir.

Mr. Kildee. And that's the point I'm trying to make. That's the only point.

I find that most of the women who work in the restaurant where I eat two or three times a day when I'm back in Flint are people who have pulled themselves off AFDC. They want that. They really want to be off AFDC.

In so doing, they have to overcome two difficulties in pulling themselves off AFDC. There are two difficulties, and I try to work them through that, at times.

One is that they lose their Medicaid card. That's a very, very difficult decision for a mother with three children who may not be healthy, to give up the Medicaid card.

I've gotten jobs for certain women in a restaurant, and they finally find out what they have to do with their Medicaid card, and they say, "Mr. Kildee, I can't do it. I have three kids who are ill right now, and I just can't do it right now." I'm not going to question that.

The other thing that very often keeps them away from the job and on AFDC is a lack of quality, affordable child care. That's why I've approached this bill, and why I'm launching it. I really feel that it contains the ability to really address itself to one of those problems that keep people on welfare.

Again, I don't want to be confrontational. You and I have worked together, and on some things, we've been successful, right?

Mr. Bennett. That's right.

Mr. Kildee. We worked our way through bilingual education, something that people thought you and I could never get together on, and we put together a good bill. I think that's going to be a pattern for other things.

But you know, we do have to address that. I want to address that problem, and I think that it doesn't help to be confrontational.

The other day, on the Jerry Falwell show, my bill was called godless. That doesn't shed a lot of light, calling a bill godless. I had an old family friend call, an old family friend—someone I've known for 30 years. He said, "Dale, you know, your two boys are altar boys; your daughter helps out at Christ House. You know, I know that you go to Mass every Sunday, and your bill is called godless."

Now, I don't get mad at Jerry Falwell. I think he was misinformed. I've been misinformed many times in my life. But it doesn't do any good. As we address this problem of trying to help mothers and their children, it doesn't do any good to inflame things as godless.

None of us has a pipeline to God. I just say that we should try to work it out, as we did, in a milieu where we may have started out with a little confrontation, but in the end we wound up with a good bill. I invite that kind of environment in developing that type of program here.

Mr. Bennett. Well, I certainly haven't characterized your bill as godless. I think it's mistaken. I don't know that I'd call it godless, though.

Mr. Kildee. I hope not.

Mr. Bennett. But if Mr. Crystal could just briefly respond to your last statement.

Mr. Crystal. It seems to me, Mr. Chairman, that there are two issues. One is welfare reform—and obviously there are a lot of proposals on the Hill for welfare reform, to make it easier for people to get from welfare to work.

As you know, there's currently a disregard for child care—I think it's $160 a month—to encourage welfare recipients not to go to work, because of the difficulty of getting child care. But even the new bill that was, I think, passed out of the Senate finance committee yesterday does not require mothers with children three and under to work.

I think that even there, with very young children, it's an issue about whether one wants to have the presumption that these mothers should work, or must work.

In terms of the child care legislation, if I may say, one of the most striking things about ABC, your bill, from a public policy point of view is how little it is focused on needy families. The 115 percent of median income is an extraordinarily high cutoff for benefits.

If you look at your typical social policy bill—some of those in education or health and human services—they'll typically target money on the poverty line, or 150 percent of the poverty line. But ABC is giving benefits to families at around $35,000 a year, and in some States up into the $40,000's.

Whatever the difficulties—and they're real—of middle income families trying to get by, it doesn't make a whole lot of sense, it would seem to me, to tax one set of middle income families and to give that money to institutions and bureaucracies which will allegedly serve the children of other middle income families.

So I think the welfare issue really is one that the administration and Members of Congress all agree needs to be addressed. But it's really quite different from the ABC proposal.

Mr. **Kildee**. Well, we can talk about the Welfare Bill, too, and I recognize the different needs of very young children. I fought for that in a version of the bill here. That's why I'm also supporting the parental leave bill. I think there's a bonding that's very important there.

I recognize that with young children, there is a special need for bonding there.

I've been taking more than my time.

Mr. Tauke.

Mr. **Tauke**. Thank you, Mr. Chairman.

Mr. Chairman, I hope that the last discussion indicates that there will be a new environment for developing child care legislation. So far, being frank, we in the minority haven't felt that there has been much interest in our views or perspectives on the issue.

There was no consultation on the development of the bill; no consultation on witnesses for the first hearing; and we've had all kinds of problems with witnesses for this hearing. Frankly, I didn't appreciate the way in which Ms. Terry was pushed into the witness table ahead of the Secretary and our colleague Ms. Johnson.

So, we do need a different and more cooperative atmosphere, I think, if we are going to move in a bipartisan way on child care legislation.

Mr. **Kildee**. If I may add, I only ceded to the wishes of one of your fellow caucus members, Ms. Snowe, to have Ms. Terry at the table.

Mr. **Tauke**. I must correct the Chairman on that. Ms. Snowe did not ask for Ms. Terry to be brought before us. It was requested by the majority that Ms. Terry be brought to the witness table.

But that is just indicative of the different atmosphere that has prevailed on this legislation from what you and I normally have had as we have developed other legislation. I don't want to proceed in a confrontational spirit, either, but I call to your attention that to date we haven't had a great deal of cooperation or bipartisanship on this issue.

The second point that I would make is that we all have good intentions. We all want to do what is best for children.

I'm convinced that you have the purest of motives in pushing this legislation and in attempting to do what is best for the children of the Nation. I believe that all of the witnesses who have been before us—virtually all—have the purest of motives. I don't want to be too generous, but virtually all of the witnesses have the purest of motives, and are interested in the welfare of children.

But that doesn't mean that there aren't some very significant and important issues that need to be addressed about approaches to be taken to address the needs of children.

I guess that brings me to the questions that I want to ask Secretary Bennett.

First, Mr. Secretary, do you speak for the administration in your testimony this morning?

Mr. **Bennett**. Yes, I do.

Mr. **Tauke**. And therefore we can assume that the Administration is supportive of some kind of initiative in child care that would support the family, that would ensure that there was no discrimination against families where one of the parents decides to devote himself or herself full-time to child care, and that we would have fair and equal treatment of various types of child care?

Mr. **Bennett**. Right.

Mr. **Tauke**. And that this would target funds to those most in need and that it would ensure that there is no growing bureaucracy?

Mr. **Bennett**. Yes, that's correct, sir.

Mr. **Tauke**. Do you believe that the ABC bill meets those criteria?

Mr. **Bennett**. No, I don't think it does.

I think particularly, and this was asked of me before, as well, on principles two, three and four, it does not.

Two: do our policies discriminate against families that choose to have a parent stay at home to care for their children? Kildee's bill certainly does that, it doesn't offer much help—any help—to families that choose to have a parent stay at home.

On the third principle, fair and equal treatment for the various types of child care—I'm concerned specifically about some of the provision of the bill in sections 19 and 20. I understand that the committee has been working on those, but some of the provisions that would thistle out care in religious or religiously sponsored institutions, or would put such requirements on that that it would in effect make this difficult—or anticipating a degree of regulatory heavy handedness that might take out a lot of the informal day care centers. These are informal yet safe day care centers or facilities.

These are the facilities of the sort that poor and disadvantaged families tend to prefer.

The point that Dr. Crystal made earlier—following up on my last comment—was about targeting. Targeting those greatest in need. The Chairman knows, since we have this debate every year or every few years with regard to Chapter One and some of the other areas in education legislation. Here, too, I think we should target our money on those most in need.

Mr. **Tauke**. Do you believe that there is a need for the Federal Government to establish standards for day care in the United States, and if not, how do we ensure that quality day care is provided to those whom we are trying to serve?

Mr. **Bennett**. I certainly see the need for some kind of standards, so the public and individual families can have some security about the care of their children.

Whether the Federal government is the best instrument for this, as opposed to State Government and families themselves, parents themselves, I would doubt. I would tend to leave it to individual parents and to State regulations, rather than Federal regulations.

When one asks, "should there be Federal minimum standards?" as Ms. Snowe did, it sounds innocent enough. You can come over to my department though and see all sorts of things that started as minimal Federal standards getting larger and larger and more and more complicated and ending up messing up the process that they were supposed to be protecting.

I know that there are many sad and tragic stories about inadequate and unhealthy day care. There are scandals that have broken in the news, and so on. All of us, I think, are upset about that.

Notice, however, that in most of these situations, they occurred in States where there is fairly strong regulation.

Mr. Kildee. As was the case with the earlier sad story.

Mr. Ballenger. Illinois and California, I suppose was a fairly famous case, with fairly substantial regulations.

The presence of regulations doesn't provide us with this kind of 100 percent guarantee.

The States are closer in putting their regulations into effect and policing their regulations—when sensible regulations are put into place. It seems to me there's a better chance for sensible enforcement operating at the State level, and the local level, than at the Federal Government's policing 1 or 2 million day care centers.

Mr. Tauke. Mr. Secretary, do you think that as a general rule it would be wiser for the Federal Government to empower parents to make choices about child care, or do you think it's wiser for the Federal Government to attempt to build up a child care provider network?

Mr. Bennett. I think it would be better to empower parents. As I've said before, I think the kind of provision that Mr. Holloway and others suggested is something that should be looked at very seriously.

Just a brief comment—people say, well, why do you need to help mothers that stay at home? They obviously don't need day care. They're already there. But there are two points that need to be made.

One, many mothers and some fathers stay at home with their children and make great financial sacrifice to do so, because of the importance they attach to being at home with their children. Indeed, I don't have to tell this committee about the ample evidence from the literature—medical, psychological, and educational literature—about the importance of bonding between parent and child, particularly in the early years.

As Mr. Brodferbrenner at Cornell has pointed out, if you want the single most powerful predictor of the child's well-being, you will look to the bond between parent and child. Many parents recognize that that bonding will be better if at all possible that parent is there. It helps with that bonding considerably.

But, we also want to be helpful, obviously, to family situations where that is not possible, or where it's not possible for a parent to be at home. It seems to me that if all families with small children, young children, were helped by way of a tax credit, an increased deduction, whatever, they could make their own choices and decisions, and we would not be in the business—this is a very important point—of the Government prejudicing that position, or leading that decision to stay home or go to the workplace by its policy.

The Government is a teacher in a vital National seminar, as has been well said. What it says, and the kinds of policies that it adopts, will tend to influence actions. We must be very, very careful in this area. I think we're all agreed on the same ends for the care of children, but we must proceed very carefully in this, that we don't destroy the fabric of some of our most precious institutions.

Mr. **Tauke**. Thank you, Mr. Secretary, for a very thoughtful statement.

Mr. **Kildee**. Mr. Solarz.

Mr. **Solarz**. Thank you very much, Mr. Chairman.

Mr. Secretary, do you think there's a need for additional day care facilities in this country, or is it your judgment that the existing facilities are adequate for the demand?

Mr. **Bennett**. I would say that at this point, in terms of national figures, we do not see a shortage of day care. There may be a shortage in some places, but not a national shortage.

Let me defer on that, because some of the witnesses coming up later on are the authors of the articles I've read, from which I draw my information. They could speak to those numbers better than I can.

Mr. **Solarz**. I don't want to get into a semantic quibble with you, but it does seem to me that if there is a shortage in some areas, and in some places, that almost by definition that constitutes a national shortage. You're not going to necessarily have a uniform shortage in every State and every locality.

I don't know of anywhere where there is excess space available that isn't being filled. If in some areas it's not being met, that would constitute a problem, wouldn't you agree?

Mr. **Bennett**. Well, I don't want to get into a semantic debate either.

I suppose that in one sense one could say that a shortage in any part of the whole is a shortage in the whole. Is the shortage, however it might exist, enough to justify saying that we have a crisis? I think you should speak to the experts later on about that.

Mr. **Solarz**. Can you, provide for the record a more definitive response on that?

That obviously is a critical factual assessment which Congress will need to make in determining whether to proceed with this legislation.

Mr. **Bennett**. Well, it's one of the factors. Suppose we bracket that issue. Maybe there is a serious shortage, and maybe there isn't.

If you decide that there is a shortage—and I think the numbers will argue otherwise—it doesn't follow that Dodd-Kildee is the best vehicle.

Mr. **Solarz**. I quite agree with that. But if you came to the conclusion that there was no shortage——

Mr. **Bennett**. Right.

I think the numbers will bear me out.

Mr. **Solarz**. Then one might say that the resources might be better used for other purposes.

But let's move on.

You spoke in your testimony, quite eloquently, I thought, about the importance of family and the role of mothers in bringing up their children. I think you said that we have to be very careful in terms of public policy in not encouraging the breakup of families.

Do you take a position on whether a mother with a young child who can only take a job if there are day care facilities available should be encouraged to stay at home and bring up that child, or go to work and place that child in day care? Or are you simply saying that choice ought to be left open to the mother?

Mr. **Bennett**. It should be left open to the mother.

Mr. **Solarz**. So, with respect, to a young mother on welfare, who has a child under school age. Do you take any position as to whether that mother should be encouraged to find employment, thereby presumably requiring that the child be put in a day care facility? Or do you take the position that in the interests of the relationship between the mother and the child, and in the interests of the child, the mother should not be encouraged to go to work and place the child in a day care facility?

Mr. **Bennett**. That's a complicated question, and a complicated area, as you know.

In general, again, I would not say that the choice should be biased. It would depend on some other factors as well. But again, Mr. Crystal pointed out earlier that welfare reform is giving some special room to mothers of children who are quite young—under three——

Mr. **Solarz**. You spoke in your testimony to the question of Federal standards, and you indicated that some of the tragedies that have taken place have taken place in States with what seemed to be reasonably rigorous standards. Obviously the best standards cannot prevent all tragedies from taking place.

Nevertheless, I gather that there might be some States around the country whose standards don't meet an acceptable level of performance. Do you have any objection in principle to the establishment of minimal Federal standards that States would have to meet, if it was clear that the enforcement of those standards would be left up to the States, so that we weren't obligated to establish a vast Federal bureaucracy to determine whether those standards were being met?

Mr. **Crystal**. There are some States that have very rigorous or extensive standards, and there are others who have more minimal standards. I believe there are a few States that have no standards, at least in some areas.

I believe there is no evidence that a State with extensive, minimal, or no standards has any effect on the quality of child care in the different kinds of institutions, formal and informal, in those States. There have been—I would be interested and would defer to the experts who come later on this, but this is a case where we can have empirical evidence.

I believe that empirically there's simply no way to demonstrate and no reason to think, really, that national standards are going to improve the quality of child care.

If I could just come back to your first question on facilities—there is quite a lot of reason to think that National standards and regulations are going to drive up the price and decrease the availability of child care.

Mr. SOLARZ. Is it your view that there is no State in the Nation whose standards for the provision of child care are beneath what you would consider to be a minimally acceptable level?

Mr. BENNETT. Mr. Solarz, if I were a State legislator, I'm not sure how I'd vote on all the different kinds of standards that come up before State legislatures, or for that matter before city councils.

I would deny, though, that in those States that have standards that you or others might consider too low that the legislators in those States are simply indifferent to the well being of those children in those States.

Obviously, reasonable people can differ on the best and the most prudent way to regulate child care, how much you want to regulate child care, and what would be best for children. The notion that there are children out there who State legislators, city councilmen, and parents are just not caring about, and that is the reason that they haven't established standards, and therefore that the national Congress, with all due respect, has to come in and save the citizens of Utah from the State legislators of Utah—I don't see that that makes much sense.

Mr. SOLARZ. That was neither my question nor my point.

I don't challenge the concern of legislators in those States that may have standards that don't rise to the level of expectations which we might have.

But, to use the Secretary's language, I suppose the care of the children of our country is clearly a National concern. To some extent, it's a National responsibility. If, in our judgement, States are not establishing minimally acceptable standards, then it seems to me that a case could be made that we have a responsibility to step in and say that they've got to do a better job.

This is not necessarily to have uniform standards in every State. Some may want higher standards than the minimum.

Mr. BENNETT. Look, it's a matter of principle here. The States are not doing an adequate job, and it should do an adequate job. Is this situation going to be improved by the Federal Government's getting involved in it? I really have my doubts.

It's like a matter which you and I have talked about before—curriculum. Are there some schools in some States that have such horrible curricula that children aren't learning anything? Yes. And there are some States that aren't doing enough about that.

Should we therefore have minimal National, Federal standards for curriculum? Absolutely not. Because if we have minimal national standards for curriculum, they will soon cease being minimal national standards for curriculum. They will become larger and greater and more influenced by lots of extraneous concerns.

That's my worry. We want quality day care. We want child care. We want places where children are protected. I'm not sure this is the way to do it.

Mr. SOLARZ. One final question, if I might, Mr. Chairman.

Mr. Secretary, you indicated in your testimony that you felt that in any approach adopted by the Congress, we should not discriminate against mothers who choose to stay at home and bring up children.

Mr. BENNETT. Right.

Mr. SOLARZ. But you've also spoken about the need to target limited resources on those in need, and where the need lies.

Now, if for the purposes of discussion, we reach the conclusion that there is a need for additional day care facilities——

Mr. BENNETT. Okay.

Mr. SOLARZ. Suppose we decide to make some additional resources available in order to facilitate the establishment of more facilities around the country, and to reduce the cost for people in need who would like to avail themselves of these facilities, but who simply can't afford it under existing circumstances. I see the clear merit, under those circumstances, in a Federal program which facilitates the establishment of more centers and which reduces the cost to those who can't afford them.

But it is not clear to me what purpose would be served by your suggestion of adopting an approach which provides comparable amounts of money, presumably, to mothers who remain at home bringing up their children. In what sense does that contribute to a solution of the problem of creating enough facilities and adequate ones at affordable costs to parents who choose to work?

What good does it do to provide limited resources to mothers who are staying at home and are already bringing up the children? That doesn't seem to be where the need is. The need is for those who feel they have to work, but can't work because the facilities are not available.

Mr. BENNETT. Well, it all depends on how one defines the need. If one starts out the argument by saying that the need is for child care for working mothers, then one comes to a very different conclusion.

Why should one simply assume that is the relevant universe, when in fact the relevant universe is larger? We need to help mothers and fathers of small children, who are in need.

You don't find out that somebody is in need simply because they're working, as opposed to being at home. Again, many people stay at home and make great financial sacrifice. It's entirely possible, Mr. Solarz, that if you do something like provide a tax credit or increase the size of the deduction, that some mothers who heretofore have not used informal care or formal care may decide to do so with those additional resources.

The problem is cutting it the other way—let me just make one more comment.

If you were to take Dodd-Kildee and say, look, 115 percent is too high. Let's get it down and focus it on the poor but only, let's say, on single parents with young children. The worry there would be that you wouldn't want to get in the position of a public policy which encourages more single parents—more divorce, or more people having children without ever getting married at all. That's one of the public policy implications of it, I think.

That's another reason for the neutrality idea.

Mr. CRYSTAL. When Congress decided a couple of decades ago—correctly, I believe—that poor people needed help to get adequate nutrition, and enough food to live a decent life and stay healthy—Congress passed a Food Stamp program. That really is the analogy of giving money to the relevant people so they can go out and get what they need to get.

It seems to me that focusing on the facilities would be like deciding that poor people were having trouble getting enough food, so we're going to give money to grocery stores or food providers. It seems to me that it's much more direct, and you would avoid all kinds of bureaucratic problems and ensure that the people who need the money get the money by giving the money directly to the parents, whether it's a single parent or two parents, rather than funneling money into State governments and then into institutions in the hope that somehow this ends up helping those who do deserve to be helped.

Mr. **Solarz**. If there had been a clear shortage of grocery stores, and there were areas around the country where people couldn't get food, not simply because they couldn't afford it, but because there were no places where it was sold, we would have to consider some kind of way of dealing with that problem.

Maybe one of the fundamental differences here is over the extent to which these facilities are in fact available. You seem to think by and large that they are. Many people would argue that they're not.

Mr. **Bennett**. The evidence may show that we don't have a crisis, but even if you decided that there were too few grocery stores or too few day care centers which people wanted, it still, I think, would make good sense to give people the money directly. If they're hungry, and they want to buy groceries, but they can't because they don't have enough money—if you give them some money, they're going to go look for groceries.

I think the people who have groceries will set up those stores to get that money.

Mr. **Solarz**. Is the administration going to propose some kind of child tax credit as a way of dealing with this problem?

Mr. **Bennett**. I don't know.

I certainly think that something along these lines is what I would recommend. This is still a matter of discussion among us, Mr. Solarz.

Mr. **Solarz**. Thank you very much, Mr. Chairman.

Mr. **Kildee**. Mr. Grandy.

Mr. **Grandy**. Thank you, Mr. Chairman.

Mr. Secretary, thank you for being here.

Let me follow up on something that Mr. Solarz brought up at the end of his comments.

This is a visual aid itemizing——

Mr. **Bennett**. It isn't for me. I can't see it.

Mr. **Solarz**. Well, it's provided for Members of Congress in print big enough so that their staffs don't have to explain it to them. [Laughter.]

Mr. **Bennett**. Got it.

Mr. **Grandy**. I think that basically what we're doing here is establishing the parameters of Federal involvement. Dodd-Kildee is here, and over here is the Holloway proposal, which is predominantly a tax alteration.

Mr. **Bennett**. Right.

Mr. **Grandy**. Now, you say in your testimony that you would provide some possibilities for policy initiatives, among them expanding child care tax credits, a crackdown on absent fathers, exploring ways to help employers to be encouraged to provide child care.

These are all good—but I want to go back to another point.

Is the Administration considering a policy initiative which would encompass any or all of them, somewhere between Mr. Holloway's proposal, which is perhaps the least amount of Federal involvement, and Mr. Kildee's, which is probably the most.

I could tell you right now, as you probably know, that Mrs. Johnson has a bill somewhere between here. The task force that Republican members of this committee are working on has a proposal which will be somewhere between the two.

Where is the administration? Is it going to be squarely on the side of altering tax policy, or will there be some other initiatives that might involve Federal participation as well as IRS forgiveness?

Mr. **Bennett**. I don't want to dodge your question, Mr. Grandy. It's a good question direct and clear.

I just can't give you the answer to it, except to say that it's a matter of debate and discussion within the administration right now.

This testimony that I gave you this morning, of course, is administration testimony. It was cleared by the White House. These are the kinds of principles that I think we should be governed by.

I've indicated in a couple of my answers why I think Dodd-Kildee doesn't meet these principles. I think the Holloway bill would largely meet these principles, and other bills would as well.

We're on this continuum. If I had to say where I am, and what I will be arguing for—it would be something toward the side of the Holloway bill.

But this is a matter for us to talk about later on.

Mr. **Grandy**. Let me explore it from a different point of view, getting beyond simply altering the tax code to accommodate more people, those people with little or no tax liability. Do you foresee any kind of a voucher system that could be redeemed for various types of child care? This is something that our task force has been investigating, and something that you have been advocating in the public education system.

Is this a viable option in terms of providing choice to those people who could not avail themselves of a tax credit, but who would be just as much in need of some kind of child care relief?

Mr. **Bennett**. It's another option.

But all I could say, in all candor, is that if one goes the route of vouchers, one would engage the same kind of knee-jerk reaction that we saw in the debate on vouchers and education.

I don't know that we have to do that. That's not in my view the best path. My thinking right now is that the best path would be something like Holloway, which would result in, for poor families with negative income tax, a refund, refundable monies that they would receive to be used for child care or day care.

Mr. **Grandy**. Or not used for day care.

Mr. **Bennett**. Or not. That's right.

Mr. **Grandy**. I think that the difference here is that the vouchers are redeemable at only a certain facility.

You can't use a food stamp anywhere but in a store. I think the purpose of this task force is to make that voucher as broad-based as possible. This would provide relief even if you were going to use it to pay for care provided by a relative in the home, as opposed to care provided in a center. This would be an expanded certificate. I would think, if we chose that concept.

Mr. BENNETT. It could be looked at.

Mr. GRANDY. I think that if there's anything to be argued against Mr. Holloway's bill, it's that some of that money may not go for child care.

Mr. BENNETT. But these are families. These are sovereign people in this country. They can decide how they want to spend their family's money.

Mr. GRANDY. I understand that, Mr. Bennett.

Mr. BENNETT. They may decide to go to Mr. Solarz' grocery store and get some better meals rather than going to Little Lee Day Care Center.

Mr. GRANDY. But assuming that child care is written somewhere around the Education and Labor committee, and not just Ways and Means, then we have a purpose to do what you highlighted in your testimony, and that's to look out for the care of the child.

With that, let me ask you another question about what kinds of potential problems we are looking at (now that the Civil Rights Restoration Act is law), by potentially providing a network of child care facilities around the country?

If churches are involved—and I represent an area where churches are an integral part of the community—are they potentially at risk now by getting some kind of Federal funds, or even, let's say, certificates? Is there a potential legal battle brewing over this?

Mr. BENNETT. It could be.

Mr. GRANDY. Would you care to comment, Mr. Crystal?

Mr. CRYSTAL. Yes.

Obviously the Grove City bill complicates the effort that I understand is being made by some of those sponsors of the ABC bill to try to find a way to get funds to those institutions which have some connection with a religious organization in a way that would not implicate the whole religions organization in a network of Federal controls or regulation.

One of the most striking things, as you know, about the ABC bill is that it now specifies that even a voucher taken to a religiously based child care center or unit is funds for that institution, and therefore cannot be used.

Even if Dodd-Kildee goes in a voucher direction, it says that it cannot be used at any child care center that has any taint of religion about it—if it employs one of the people who works in the church upstairs during the afternoon to help with the child care in the morning. So there's already a terrible problem which I think the sponsors of ABC are facing right now, in figuring out how, on the one hand, to get aid to institutions rather than individuals and to do this in a way that's not terribly unfair to institutions that are religiously based or affiliated.

Some gentleman from Mr. Solarz' district came to see us some weeks ago—and I think they've been to see him as well—with real concerns about that in the current ABC bill. Grove City simply complicates those concerns, and I frankly don't think that as long as you are targeting money to institutions rather than to individuals, and as long as you have current First Amendment law plus Grove City—it's going to be extremely hard, or virtually impossible, to be fair and even-handed to religiously affiliated day care providers.

I would add one more point: it is precisely in needier communities—many of our inner cities, for example—that the churches have been especially active in providing the day care. Many of these centers are not religious. They offer in-church premises, and maybe their personnel overlaps with the church upstairs. But they're not necessarily religious, although some, of course, are.

It's precisely the problem you point to that's going to hurt the needier communities whom we should be trying to help.

Mr. **Grandy**. Well, I assume that you would both concur that whatever this committee decides and whatever this Congress ultimately votes on, we have to include the church as an ally of the family in this legislation. We can't preclude the church, because there's a natural network out there right now to assist the family in these circumstances.

Thank you, Mr. Secretary.

Mr. **Bennett**. In the campaign for care of children, no allies are to be refused.

Churches and synagogues have proven themselves to be very valuable allies in the care of children.

Mr. **Kildee**. Mr. Armey?

Mr. **Armey**. Thank you, Mr. Chairman.

Let me begin by telling you——

Mr. **Kildee**. Just in deference to the Secretary, we've kept him over the alloted time, so if you could be brief, we'd appreciate that.

Mr. **Armey**. Well, I'd like to begin by thanking you for your courtesy in allowing me to participate.

As a former child myself, and a [laughter] Mr. Armey. Current parent and a fellow who is still trying to get his children to do their duty and bring me grandchildren, I'm very much interested in this subject.

I was also interested, Mr. Chairman, in watching you and the Secretary review your childhood experience. In terms of comparing that with my own, I was one of eight children. My mother and father both worked outside and inside the home, raising us. Looking at those three case examples, and recognizing that we all three started our early careers in education and have now become part of the Government, this has proven to me that no matter how you raise a child, you can still go wrong. [Laughter.]

Mr. Secretary, I am an original co-sponsor of Mr. Holloway's bill. I believe that it is a bill that will allow us to give more help to more children at less cost in taxes to their parents, with greater freedom of choice to their parents, and I'm very excited about that possibility, and hope that we will look at it very seriously.

In that regard, I would wonder if maybe you would be willing to—I do only have two questions.

In the first case, would you be willing to comment on tax incentives and credits in terms of what they would do for the poor? We have focused on that, and rightly so. The low income family is the family to which we ought to respond.

I was wondering if you might be willing to comment on that.

Mr. Bennett. Yes, I agree with you, Mr. Armey.

Mr. Holloway's proposal is sound in principle and one which is respectful of the autonomy of a free people. It also allows for response to a range of situations, specifically addressing child care. If there's a need for child care or day care, it can be filled and responded to by giving more resources to families to spend on this, if this is what they want.

The other thing—a point that hasn't been made yet—is that if we look at history, and there are people in this room who will be speaking later who are much more expert in this than I, the family has a great capacity to care for itself and for children over a period of time. A very good case can be made for giving them some of their taxes back, particularly in the case of the two parents, one parent working and one at home family. There has been a real decline in the percentage of dollars they earn which are returned to them.

I think the case can be made on that ground, too.

Mr. Armey. I appreciate that.

The reason that I'm so interested in that is that I am a follower of Milton Friedman. One of the really great cases that he made early in the development of the contemporary field of welfare theory is the demonstration that a direct income subsidy to the poor that honors their freedom of choice results in greater increase in well-being at lower taxpayer cost. It's been a curious example that I've used in the classroom for years with Food Stamps.

In addition to my five children, I'm blessed with a wife who is a professional family therapist. She and I discussed this issue, since she is aware of my interest in the issue. She brought to my attention an article by Dr. Edward Zigler. I'm not very familiar with his work, but Susan and I did discuss this article. Zigler is at Yale University's Bush Center.

One quote that I took in our discussions was that child care systems must be predicated on a true partnership between parents and children's caretakers. This related to me and my interest in the sovereign choices, as you put it, of American parents.

I quite frankly fear for trespass against those choices in the Dodd-Kildee bill, and Susan and I had a good discussion about that quote. I wondered if maybe you could help.

Mr. Bennett. Yes.

I agree. As I said in my statement, I think it is true that the family is the original department of health, education and welfare. I also think that it is true that when families cannot provide for children, other institutions must do what they can.

As you've often heard me say, Mr. Armey, when children come to school without any background because parents and family haven't done their job, the schools must take up that responsibility.

This doesn't argue against the primacy of the family as the most efficient and valuable and important nurturing institution in society. It simply argues that we all must do what we can. But I think that if one started on the argument by saying that day care providers and parents are co-partners, that would be a mistake. They are not equal. They are not equal in any sense.

The best day care center in the world cannot approach what a good family can provide for a child. You cannot pay people enough money to do by children what mothers and fathers will do for them out of love.

That has to be kept clear. People will say, but what about families where there isn't love? Well, that's a problem to which all of us have to then respond. But we don't get at that one by weakening even further the family bond, or by saying to those people who choose to stay at home with their children, that Government doesn't recognize your contribution. It only recognizes the contribution of those who are in the workforce. That's a mistake.

Mr. **Armey**. Thank you.

Mr. Kildee, if I may make one final point.

I have raised five children, and I did that with a wife who in their early years chose to work at home instead of outside the home.

I would say from our experience that it is in the interest of the child's development for the child to spend part of that day in a day care, and quite frankly, it's also in the interest of the parent's sanity for that to take place.

Thank you again for letting me participate.

Mr. **Kildee**. Thank you, Mr. Secretary, for your testimony this morning.

Mr. **Bennett**. Thank you very much.

Mr. **Kildee**. Our first panel this morning will—pardon me, Nancy. We haven't heard from you.

Ms. **Johnson**. Remind me, Mr. Chairman, never to let the Secretary go first when he's not in a hurry. [Laughter.]

Mr. **Kildee**. That is very kind of you, Nancy.

Thank you very much.

Congresswoman Nancy Johnson.

STATEMENT OF HON. NANCY JOHNSON, A U.S. REPRESENTATIVE FROM THE STATE OF CONNECTICUT

Ms. **Johnson**. Thank you, Mr. Chairman, for offering me this opportunity to testify on the need to reform Federal day care policy.

I very much appreciate your leadership and that of Mr. Tauke on this very important issue, which is of such great concern to working families in America.

Federal child care legislation could even cross the President's desk this year, but I believe that will depend on the degree to which we are willing to realistically look at the difficulties families face, and specifically the role of the Federal Government in leveraging both increased availability of care and quality of care.

Child care is as important an issue as any on the Congressional agenda. The numbers of mothers of young children working has more than tripled since 1950. According to the Secretary of Labor's Task Force on Child Care, in 1950, only 12 percent of women with children under six worked. Today, that figure is 57 percent of children under six.

Almost two-thirds of mothers with children under 14 work, and no wonder. Supporting a family is very much more difficult these days than it used to be. Housing is very expensive. Transportation is expensive. Insurance for automobiles is expensive. Those things are required to work, and this goes on and on down the list. In fact, families have much less choice about working now than they have had in any decade preceding in America's experience.

The Child Care Act of 1987, H.R. 1572, which I originally introduced in the 99th Congress in 1985, and the Child Care Services Improvement Act, which I am proud to sponsor with Senator Hatch, take the necessary steps to expand the supply of quality child care and better assist low income families. I do see those as the two objectives of reformed Federal day care: that they expand supply and that they help lower income families.

In expanding supply, of course, I mean quality care. To supply quality and subsidy to lower income families, I think, are precisely the policy challenges that we face. These bills do not compromise the flexibility that working families need if they are to realistically address the interests of their own children, and if we are to address the nationwide child care shortage.

Between them, they provide a pragmatic and fiscally responsible reform of Federal child care policy.

The Child Care Services Improvements Act, H.R. 4002, is designed to expand the supply of affordable, quality child care across the country comprehensively. The bill authorizes a block grant of $250 million to start up or expand licensed or accredited child care programs sponsored by municipalities, non-profit, small businesses, educational institutions, community or employer sponsored programs, after school care programs and others. This retains complete flexibility for the State and local government to direct funds according to their priorities, and beyond this, allows the funding of certificates or scholarships for low income families.

In fact, one of the major differences between the Child Care Services Improvement Act and the ABC bill is that we are more aggressive in our efforts to expand supply. For instance, we allow block grants to go to for-profit day care centers. We allow block grant money to be paired with business efforts to open centers that are going to be under that business' jurisdiction.

I think we should try to separate this issue of expanding supply from the issues of quality and affordability. We have a powerful opportunity to expand supply. Remember in the drug bill, we put some initial money in there—the first time we passed drug legislation—so that States could develop drug curricula, and they have. If you check back now, all but one or two States have done that, and that money that we gave them did leverage that.

Both the ABC bill and our bill look to grants to help people meet licensure requirements and so on and so forth, in order to expand supply. The purview of our bill is simply broader. We say that it's okay for the Federal Government to help a small business get established, as we do through the SBA and SBA Loans, you see.

We allow our grant money to be used for small businesses to open for-profit centers, because that will expand supply dramatically and rapidly, and in no other aspect of Federal policy do we say that Government has no interest in expanding the private sector.

I would hope that you would not constraint your program, that in the ABC bill, to exclude assistance to initiating in the private sector. I think that private-public partnership is very, very important, and we must make certain that we do provide the incentives that business needs to get into the business of child care for both small care providers and businesses in the larger sense, through helping them to take what I consider to be their appropriate responsibility in expanding child care options for their own employees.

In addition to the possible uses of the block grant program, the Child Care Services Act seeks to expand supply of care by breaking down barriers to going into the business of child care. This is very important, because if we're going to deal with child care—which I think we have got to—we've got to make it more available. One of the ways that you make it more available is to make it a more desirable thing and easier to do.

So, we break down the liability insurance barriers and provide a revolving loan fund and those other provisions in our bill, we ensure that people will have access to insurance at an affordable cost. That would allow many people who want to go into child care to do so. We know that the last insurance crisis drove some of our providers literally out of the market. This clamped down on available slots, rather than expanding available slots.

This issue of ensuring the availability of affordable insurance is essential to expanding child care services in America.

Equally important is tax reform. I know that we don't like to talk about that, but how are you going to get home care providers into the market when now you're telling them that under the new tax bill they have to make quarterly payments? That's simply too much for the kind of businessperson that we're addressing. Our bill would relieve home care providers and day care providers from quarterly payments. It would relieve the small business provider from paying both the employer and the employee's half of Social Security taxes. That is a very heavy burden, and it's not one that our home care providers can carry.

You want people to be licensed? What home care provider that's not licensed now is going to get licenses, if it means that he's going to have to pay both the employer and the employee portions of Social Security taxes? Which one of those underground people are going to want to come into the system if they have to make quarterly payments?

I think that we have to be realistic and honest. I want as much as you do to bring every unlicensed provider into the licensed, regulated system. But we have to make this possible for them. In my bill, we make it possible for them by addressing the issue of ensuring access to affordable liability insurance, by reforming the Tax Code so that it is sympathetic to the small child care provider. We do this in a third, very important way through our hold harmless provision.

This is what I call our amnesty provision. Many States have not licensed home care providers in the past. Some States that have licensed home care providers, like my own Connecticut, know perfectly well, and anybody in the business will tell you, we have had

State licensure and State standards, and at least half of our home care providers are not licensed. It's probably more like 70 percent.

My own belief about the licensure issue is that most of the unlicensed care is relative care, and that's got some advantages. I don't think that Government necessarily wants to get in there. Usually relatives provide some subsidy, so that the cost issue is not so serious.

But we do have a significant sector, even in the States with licensure, of unlicensed providers. If you want to try this out for yourself, the next time you talk at a chamber, or a Rotary, or a League of Women Voters—any group, women or men or combined—ask people to hold up their hands to show how many people have children in care. Then ask how many have children in relative care and how many have children in licensed care.

Ask your own friends, because people are embarrassed to admit it. You'd be surprised how many people don't have their kids in licensed care. The tragedy is that the people whose children are under three don't have a lot of choice. If your children are over three, you're going to get most hands going up, saying that they're in licensed care. If they're under three, you're going to have most hands going up for unlicensed care, since we have not made it possible under our licensure system to provide affordable licensed care.

We have literally no subsidies from most States or from the Federal level for low-income families to pay for day care.

My hold harmless provisions are just an effort for the existing unlicensed providers to be able to continue to provide service while they get licensed. From the time they apply to the time they were licensed, you could continue to use them, if you were a low income person receiving a Federal subsidy.

Now, if you don't provide them with this partnership so that they can move from unlicensed to licensed, then they won't enter the licensed system, and they'll continue to provide care. They cannot economically stop providing care, and furthermore the children that they're caring for know them, the parents like them—if suspension of service is the price of becoming licensed, with all of the other disincentives there are to becoming licensed, they're not going to do it.

But if you tell them look, you can keep doing what you're doing as long as you're going through the licensing process, and at the same time, becoming licensed is going to give you access to affordable insurance. Becoming licensed is going to give you access to a simpler position in the Tax Code—you can lure them in.

We found with the food subsidy program that we were able to lure a certain number of providers in. In Connecticut, small providers' association have sprung up, and because they provide library services to their members, and some accounting help and things like that, they're been able to help lure people in.

But the very fact that in States with developed licensing systems and even developed provider base associations, we have not succeeded in bringing these unlicensed people into the licensed sector indicates that we need more incentives.

I would really urge you not to neglect those sections of our bill that are totally unlike the ABC bill and have really nothing to do with the ABC bill. They are not in conflict. I think they're essential to a broad-scoped, quality public policy which from the Federal level will do everything possible for us to expand availability, by providing grants broadly.

I have one major employer who would love to provide daycare. He's the biggest employer in 15 towns. He has employees from all those towns. He can't, because he's so afraid of the liability issue. If we solve that liability problem for him, he's big enough to be able to carry the cost. For a smaller employer, the liability issue coupled with a small grant to get started can begin serving quite a significant area.

The partnership that is envisioned in our bill, both in the grant portion of the bill and in the barrier breaking sections of the bill, are very important to an aggressive effort to expand slots. I hope that you will support them.

Both our bill and the ABC bill, incidentally, supply grants to small providers to make the changes in the facilities necessary to meet licensure, and I think that's a very healthy kind of incentive, not like the others that I've mentioned. We need this.

Since I've skipped through my testimony here, I don't want to repeat myself, but on the other hand, I want to go on to the other aspects of the two bills that are the most important. One is expanding availability, which I think I've covered completely.

The other is the issue of cost and affordability. Both the ABC bill and my bill address the issue of affordability by allowing us to fund certificates or scholarships up to, in one bill 200 percent of poverty and in the other bill a little lower amount. Those are initiatives that I strongly support.

In my bill, H.R. 1572, that was introduced some years ago, I did emphasize that. Right now, we have no subsidies. From the Federal level, we provide an entitlement. I think this is part of the urgency of reforming Federal day care policy. We have an entitlement for those who earn enough money to benefit from the tax credit. We don't just provide a subsidy, we provide it to everyone—no matter how much they make.

If they make enough money to benefit from the tax credit, okay. But below that we provide nothing. If you don't make enough money to pay taxes, or to have some taxes to write a credit off against, we provide nothing.

That is really a scandalous inequity in Federal policy. If you can correct that inequity so that you could create some buying power among low-income families who are the most needy—those are the families who have the least choice about whether both parents work. If you could increase the ability to pay and increase the availability of slots, then the last issue that I do want to address is quality and standard setting.

This is another dramatic policy difference between the Child Services Improvement Act and the ABC bill: who sets the standards. I would urge you to allow the States to set standards. We have not required States to set standards in the past, so this would be a new initiative for us to require States to set standards. I don't believe that Federal money should go to those who don't meet standards.

But we don't set Federal standards for physicians, for teachers, for accreditation for schools. We do require that standards be set in most of those instances, but we do not do it ourselves. I want to talk a little bit more about this issue of standard setting.

I think what we need to do is to require standards and couple the requirement for standards with incentives to expand the supply—the kinds of incentives that I just talked about.

If the Federal Government requires that standards be set, they would do a very important thing that has never been done in America: they would force public discussion of standards in facilities that care for our children in every State legislature. Now, I not only served in Connecticut when we went through a big debate on this, but I chaired the program and investigations committee that did a 6-month study of day care in Connecticut in a time of change.

I can tell you, if you hold hearings in your State legislature, about standards of care, you will get pretty much the same standards throughout the Nation. Those States in which we have very low standards are States that have never held these hearings, since they haven't been required to.

I think that if we require that States set standards, and that Federal dollars only go to those providers who meet standards, that we will see some uniformity emerge. We can revisit that issue in 5 years and see if there are specific things that we need to encourage.

But if States set standards publicly, you will now get public debate between parents and providers that ultimately is at the heart of the issue of standards setting and quality. If you don't do that, if you do it from the Federal level, then you run this risk. Let me give you an example of the serious risk that you run.

In the ABC bill, after school care is defined as care that provides counseling and basic skills training. Now, no home care provider can meet that criteria. The ordinary woman out there, taking care of children in her home, cannot document that she can provide counseling or basic skills training, so she cannot take care of latchkey children, or if she does, those parents who need that care cannot benefit from Federal subsidies.

You're either going to cut her out of that business or those parents out of care. Those parents will be cut out of subsidy support.

Now, if you don't allow home care providers to accept latch key children because they don't meet the criteria in the bill, they will not be able to provide infant care. Our home care providers are our primary providers of infant care. We have lots of centers—look at your own district. There are lots of people who will take care of children 3 and 4 years old, up to kindergarten, depending on what State you live in. But there is a real, desperate shortage of high-quality infant care.

In my State, most of the infant care providers are the home care providers, and they are regulated by the State. They can only take so many infants and so many toddlers. To make their project economically feasible 2 years ago, we allowed them to take an additional latch-key child.

They were able to provide evidence to us that they could handle that, and that in fact the older children were a help with the younger children and that a good relationship was often built up.

At any rate, a decision was made between parents and providers in a public setting as to what this relationship should be between numbers of infants, numbers of toddlers, and numbers of latch-key children.

That tells you two things. First of all, many of the home care providers would have to go out of business if they were denied all latch-key children. That simply wouldn't be an economically viable business, and they would have to go down to the local supermarket and check out goods, or go the local McDonalds—where in Connecticut now you get over $5 an hour. They would be forced to do that instead of taking care of children, as they wanted. They wouldn't be allowed the latch-key children which were critical to making their business economically viable.

Now, that's important. You cut out home care and you cut out infant care. Then you're going to reduce availability rather than enhancing availability.

Second, there are plenty of 7-year-old kids, boys, who need to be in someone's home where they can run in the neighborhood. They don't need after school care that is school-based. Now, I like the idea of school-based care, and I want to see some of the grants in my bill and your bill flow to schools, so that we can do a better job with some after-school care.

But there are kids of different ages and kids of different needs. Some kids need to go home to someone they know in a home setting and have the freedom. Plus, if you eliminate it, you do very seriously erode the ability of home care providers to survive economically. Therefore, you endanger the existence of infant care.

In other words, if you make a mistake in setting a Federal definition, you couldn't reduce the availability of care. But there is another aspect of the standard setting in your bill that is just as dangerous.

In your bill, you say that if you reduce standards, you lose eligibility to Federal funds. Now, in your bill you require inspection of home care providers only once every 5 years. In Connecticut, we have been requiring all home care providers to be inspected annually.

About a year and a half ago, because we couldn't afford it, we looked at the deployment of our resources, and they passed a bill saying that we will go to an unannounced inspection every 5 years, which is what you have in your bill.

But, if your legislation had been Federal law when Connecticut did that, we would have been wiped out. We would have lost all eligibility, our people would have lost all eligibility to access any Federal money for expanding care or for subsidies to low-income families. Under your definition, even though the standard we were going to have in law was the same, equal to, or higher than the standard in this bill, it would have been a degradation under the definition in your law.

I ask you to look at that issue of degradation. You're going to set your standards according to the median. So, half the States are going to be under and half are going to be over. Now, the States that are over—because this is an economically fringe business, and yet very important particularly for infants if families are to have the choice of a home setting or a center setting for children, which

I think they should—it's very, very important that you not penalize States for changing their rules of licensure because when you do that, you'll simply eliminate large portions of the American population from access to any Federal dollars.

So, I wanted to be sure to point out those dangers of the kind of standard setting that is being proposed in the ABC bill. I would just say that I am absolutely convinced that if we require standards to be set, and we beef up the Federal part of our bill that sends out the standards based on the good models, then when we revisit this issue in 5 years, we'll find that States are all pretty much in the ball game.

The evidence is that they're pretty much in the ball game, in the centers.

As to the issue of abuse—you know, the first issues of abuse to hit the newspapers were from day care centers. There are fewer centers, they are all licensed in every State, and they're easy to regulate because they are so visible. And yet the first examples of abuse came from centers.

Then there were examples of abuse from home care providers, both licensed and unlicensed. We have to be honest. There is no way—it's just like licensing people to drive. There's not way to license people to drive and make sure that everybody you license is going to be good.

The portions of both bills that strengthen parental involvement and educate parents on how to oversee quality, and which go public about standards and give us the leverage we need to involve families and communities in this issue of standard setting, and the quality issues, are extremely important. If we don't succeed in developing that kind of strong partnership, I don't care what kind of bureaucracy you put in place, it's not going to do the job.

Illinois has one of the best bureaucracies in the Nation, and you heard what the Illinois people said, and what they found. So, one of the things we have to do is to give parents the money to buy quality care, and when we give them that subsidy, we have to get them to come to meetings. We have to give them literature that tells them what to look at in their provider and how to check out things that they're suspicious about.

There's a wonderful job to be done.

One last point. I would hope that, in view of the pressure on the budget, and I don't see many of you who serve on the budget committee with me but maybe some of you serve on appropriations—we all know, and we feel keenly, the pressure on spending here in Washington.

I would urge you not to set aside 25 percent of the spending for administrative and training purposes. There's hardly a State—I am not aware of a State that doesn't have a good community college system now. All of the community colleges have human development courses, psychology courses, and so on. If we put on them, as a way of qualifying for Federal funds, the responsibility to have a provider training course available to their community college system, then we use existing resources. For that there is a very good training program already established in New York. I've forgotten the name, but I'm sure you know it.

We could use that as the kind of program that we're looking for. It's not hard to put that mandate for training on them. The resources are there, and I'd hate to see us duplicate those resources.

Likewise, in the information referral section of the bill, I think that many communities—in Connecticut, it's the info line—they have highly skilled people, and they refer people for lots of purposes. I'll provide you with some literature on them, because I don't want us to see placed on Connecticut the responsibility to set up a separate info referral line when frankly we've had that mandate in our State law for quite a while and have now some excellent information referral services out there.

I would think that it would be reasonable to require that every State agency through their computers spit out copies to every town hall, every library, every school district.

The schools should be required to have those resources in every principal's office. We can do some better things about disseminating information, but I think we have to be careful how much money we segregate for administrative and training costs. I think there are resources we could use better.

That 25 percent of $2.5 billion is more than $500 million.

Yes. And if we should allocate less, like, say, $1 billion, then $250 million of that is ending up going into administration, when what we need is slots available and this dynamic to get money to low-income families out there, with a quality system to oversee it.

I'd be happy to answer questions.

[The prepared statement of Hon. Nancy L. Johnson follows:]

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CHILDREN, YOUTH, AND FAMILIES

STATEMENT OF THE HONORABLE NANCY L. JOHNSON
BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES
HOUSE EDUCATION AND LABOR COMMITTEE
APRIL 21, 1988

Mr. Chairman, thank you for offering me this opportunity to testify on the need to reform federal child care policy. I appreciate your leadership and that of countless others, many of whom are present here today. Federal child-care legislation could even cross the President's desk this year.

Child care is as important an issue as any on the Congressional agenda. The number of mothers of young children working has more than tripled since 1950. According to the Secretary of Labor's Task Force on child care, in 1950 only 12 percent of women with children under six worked and today that figure is 57 percent. Almost two-thirds of mothers with children younger than 14 work. And no wonder. Supporting a family is much more difficult than it used to be. Housing is expensive everywhere and working usually requires a car and costly insurance. But the economic pressures felt by young families must not be allowed to endanger the well-being of our children.

The Child Care Act of 1987 (H.R. 1572), which I originally introduced in the 99th Congress, and the Child Care Services Improvement Act (H.R. 4002), which I am proud to sponsor with Sen. Orrin Hatch, take the necessary steps to expand the supply of quality child care and better assist low-income families. These bills do not compromise the flexibility that working families need if we are to realistically address the nationwide child-care shortage. Between them, they provide a pragmatic and fiscally responsible reform of federal child care policy.

The Child Care Services Improvement Act (H.R.4002), is designed to expand the supply of affordable, quality child care across the country comprehensively. The bill authorizes a block grant of $250 million to start up or expand licensed or accredited child-care programs sponsored by municipalities, nonprofits, small businesses, educational institutions and others. It will also fund certificates or scholarships to low-income families, community or employer-sponsored programs, sick child programs or after-school care, with each state or locality directing funds in accordance with their priorities.

The Child Care Services Improvement Act eliminates the liability insurance barriers that have discouraged prospective child-care providers from entering the profession, dissuaded businesses from sponsoring centers, and forced existing providers out of business. It assures both availability and affordability of insurance by clearly delineating provider liability and by distributing $100 million in start-up funds to states for risk pools.

The Child Care Services Improvement Act also encourages underground and new family-based providers to join the regulated system. It authorizes $25 million for state-administered revolving loan funds to help small providers finance home improvements necessary to become licensed. It eases the tax burden of family-based providers, by allowing them to pay one-half of the payroll tax (currently they are required to pay the employer and the employee's share), and by replacing the requirement to file quarterly income taxes with an annual filing requirement.

One of the most important objectives of the Hatch-Johnson approach is to prevent disruption of services to children. Consequently, the legislation allows unlicensed providers to continue caring for children from the time of application until the license is granted.

In-home care is not only the majority of care, but it is some of our best care for very young children. Two-thirds of our child care services are provided by home-care providers. Possibly 70 - 90 percent of these child care arrangements are underground -- that is, not meeting any publicly-set standards of care. Without some form of protection, many underground providers will simply be unable to tolerate the economic blow of suspending services and will not apply for licensure, preventing the regulated child care system from expanding and keeping clients from enjoying the assistance for which they qualify. It makes sense to take advantage of this existing resource by encouraging these women to join the licensed or accredited child care network.

Finally, the Child Care Services Improvement Act is the only bill to encourage the adoption of strategies that will enable parents to minimize the need for child care. Through tax incentives to business and parents and a business awards program for progressive personnel policies, it provides better resources to reduce the demand for care. The demographics of the workforce and the dependence of our economy on participation by women demand creative approaches to work schedules and employee benefits. We must frankly recognize the inevitable conflict between assumptions such as the nine-to-five workforce regimen and the needs of children.

H.R. 1572, the earlier of my two proposals, is complementary to the objectives set forth in the Child Care Services Improvement Act. It targets the working poor, a group that, thus far, has been ignored by federal child care policy. While a few of the very poor currently are eligible for assistance under the Social Services Block Grant, and the affluent benefit from the entitlement program providing subsidies under the Dependent Care Tax Credit, families who struggle to survive at incomes just above welfare receive no help at all.

H.R. 1572 zeroes in on affordability, availability and quality in child care for this neglected income group, and like the more sweeping Child Care Services Improvement Act focuses on improving the present system. This bill provides $300 million for child care certificates for use in licensed or accredited day care centers and homes. Eligibility is limited to families with income below 200 percent of the federal poverty index (slightly more than $22,000 for a family of four). Each of my bills contain a "hold-harmless" provision, through which underground providers are given amnesty during the licensing process so as not to disrupt the continuity of care.

To pay for these reforms, H.R. 1572 phases out the Dependent Care Tax Credit for upper-income families beginning at $60,000 and eliminating the credit completely for families who make over $69,500 a year. While a good case can be made to assist all families of all incomes with the cost of child care, in my opinion a more compelling case can be made to first assist families on the basis of need.

Both of my bills strive to assure the success of diverse child-care environments. Parents know what setting is best for their child and need access, affordability, and the right to choose. Diversity of facilities that meet care standards and major changes in personnel policies governing the work place to allow parents to minimize the child's care needs can together best address the interests of our nation's children and families.

Before I conclude my testimony, I would like to make a few comments on your legislation, Mr. Chairman, the Act for Better Child Care. The overriding objective of the ABC bill and my legislation are the same, to meet the demand for quality child care. Many of our provisions have the same goals, including assuring parental involvement, increasing supply, enhancing quality and ensuring oversight and the protection of children. Yet, I would caution you that the ABC bill could drive many current child-care providers out of the profession and hamstring state and local governments in their efforts to encourage growth in this critical sector.

Look first at the issue of the federal government mandating licensing standards for day care centers and homes. While the federal government sets standards for neither teachers nor physicians, the ABC bill would mandate federally-set standards for all day care providers and a child development specialist on the staff of each information and referral program.

This is a very prescriptive bill and has the potential to reduce parents' and children's options and require inappropriate resources.
Let me explain:

As presently drafted, the ABC bill requires all after-school care providers to provide "study-skill sessions, counseling and guidance." By definition, then, home-based providers are not eligible for reimbursement for the care of latch-key children. Connecticut home-care providers, who are essentially the sole suppliers of infant care in the state, fought for years for the right to take school-age children in addition to the infants and toddlers they already served. Latch-key care is scarce in Connecticut and family-based providers found that school-age children could make a real contribution to the development of the younger kids and were necessary to make home care pay enough to be an alternative to out-of-home work.

After much heated debate last year, Connecticut's General Assembly expanded the number of latch-key children providers could care for, but only while school was in session. Such a compromise would have been impossible under the ABC formula. Many of our best providers of infant care could have been driven out of the regulated system by federal definitions that denied home-care providers the right to care for school-aged children. Only states are close enough to providers, families, and specialists to set appropriate, enforceable standards that will encourage the growth of this critical service industry.

I offer this definition of after-school care in the ABC bill as an example of the kind of well-meaning mistake that could occur here in Washington and be so costly to America's working families. Equally serious is the ABC bill's requirement that states not reduce the standards that child-care providers are required to meet.

The implications of this innocent-sounding provision can be seen from Connecticut's experience. In 1986, Connecticut, due to budget constraints, changed its requirement for an annual inspection of home-day care facilities in favor of spot-checking a percentage of its home day-care providers a year.

Had the ABC bill been in effect -- and in spite of the fact that Connecticut's proposed change would have resulted in state requirements equivalent to the frequency of inspections mandated in the ABC bill -- it clearly would have been a reduction in standards and made my state ineligible for federal funds. Ironically, Connecticut would have been caught between funding a more stringent standard than required by federal law and losing federal funding.

Mr. Chairman, my goal is to remove barriers -- insurance, tax and the nine-to-five straight jacket -- increase state, local and parent involvement in quality and stimulate supply by aggressively encouraging the opening of new centers and homes to care for children, and challenging the business community to greater participation in shouldering this problem. Those efforts, combined with subsidies to increase the buying power of low-income families, will give us the diverse day care industry and the family buying power we need to preserve parents' choice to meet children's needs.

All of us recognize that an investment in our children today is an investment in the future of America. The objectives and the impact of the program that we will ultimately pass -- and I believe we can and should pass a comprehensive child care program -- will shape the development of the next generation. We need a strategy that supports working parents without short-changing children. Thank you again, Mr. Chairman, for the opportunity to testify this morning.

Mr. **Kildee**. Thank you very much, Congresswoman Johnson. You certainly have shown yourself to be very knowledgeable in this field.

I knew that before your testimony today with our conversations on the floor and in the elevator that you were certainly very knowledgeable.

I also appreciate the positive tone you used, both on your bill and making some positive suggestions as to how to improve the ABC bill. I appreciate that.

As I mentioned, no bill ever reaches this Hill perfect, and I think you've been positive not only on your own bill, but have also made some positive suggestions about ABC.

Let me ask you a couple of questions here. One is a general question.

The Secretary indicated that he did not know if there was any shortage of child care slots nationwide. Would you care to comment on that?

Ms. **Johnson**. Yes, I'd be happy to comment on that.

I've done a lot of work on that issue, for many reasons. It seems to me that there are three things that we can say about demand and shortage. One is that there is a tremendous shortage of infant care, of sick child care, and of special needs care.

There is also going to be a much greater shortage than exists now of all kinds of care, since the Census Bureau studies show that only 22 percent of care providers now are either home or center based. That leaves almost 80 percent that is "other", and that is in part parents splitting shifts and so on. But the largest portion is relative care.

In my estimation, the ability of relatives to provide care is going to decline in the future. Just as we see now the large number of parents working and therefore needing care, when their children grow up and have children, they're going to be working and they're not going to be available to provide relative care.

One of the reasons that it's important to reform Federal policy now is to address what's going to become a more serious problem in the future.

In my estimation, there clearly is a lack of certain kinds of care, and there's a lack of licensed care. A lot of that care is being provided by underground providers—we actually don't know how much. But if I take the licensed slots in my community—I've done this, and I urge you to do this, it's fascinating. If your State licenses, it's so dramatic. Take the number of licensed center slots and the number of licensed home care slots, add them up, and look at them against the population, and you can estimate this out from the percentage of women working with children under six working and all that stuff using your own State statistics. It's traumatic. It's absolutely startling.

The tragedy is that it is most startling in the suburbs. In the suburbs, many people have homes that are large enough to go into this type of business.

We have a real, serious problem in the cities, and we need these grants to upgrade these facilities very, very much. But along that line, I would hope that you can resolve this issue about church-based care.

You know, in my home town, which is a small urban area, Head Start has been in the local church for years. Now, there's an answer to this out there, because we've been doing it. We all agree that we don't want to provide Federal money to any program that proselytizes and teaches specifically religion. But in many of my smallest communities, there isn't any facility that could house a day care center except church facilities. We want to use them. The last thing we could afford would be to build a new infrastructure for our child care.

Again, in terms of husbanding our resources, we really do have to make certain to find a way that church facilities could be used.

We try to do that in our bill by requiring the incorporation of a separate, non-profit agency that is arm's length from the church. You could make some requirements on that. We did it for insurance liability reasons, but it's just as applicable to these other reasons, and maybe that vehicle could provide you with a new possibility to resolve what is a conflict that we can't tolerate driving policy.

Mr. KILDEE. Thank you.

Ms. JOHNSON. Could I just add one thing?

This hasn't been talked about much, but it's very, very important.

Our bill tries to address this—as far as I'm concerned it's inadequate, but it was the limits of my imagination. I can tell you about the problem, but I haven't yet found the solution.

One of the solutions to child care in America, and one that we have to make happen—I'm not quite sure how—is that we have to address those factors in our lives that are driving the demand. First, they're irrational, and they're forcing women and men in America to make choices for their children that are often fundamentally unhealthy. It isn't right that society requires every young parent to make the decision to be with or away from their child from 9 to 5 every single day.

In farm communities, you don't have to make this choice. We could restructure America's workforce and provide incentives to employers. We could provide awards for employers who adopt enlightened personnel policies, whose specific goal it is—and who achieve—a reduction in the number of out of home hours of care their employees' children need out of home. This is particularly important for infants.

I would urge you to put some new emphasis on this. We did it through the awards program, recognizing employers. But I'd love to see some tax incentives from employers, if they can document that their employees, by virtue of using flex-time, which now is generally interpreted by businesses that you get to start at 7:30 and go home a little earlier.

I have an employee who starts at 5 and goes home at 1. She has 3 hours to work in real quiet. Imagine what she gets done—the phones aren't ringing. It's wonderful at 7. Productivity shoots up. Then she's around long enough to receive her calls and return them.

Now, let's be creative in our own work force and out here in America's workforce. It's our obligation as leaders for us to challenge the 9 to 5 straitjacket assumption that is driving up that demand for small child care. It's fundamentally unhealthy and wrong, and it's not something that we should require—it's not a structure within which we can afford for American families to continue to be forced to live.

Mr. **KILDEE**. Thank you.

As you know, I am working diligently to resolve the church-State problem. It's an area that I feel obligated to try and find a solution for, and I've probably spent more personal and staff time on that than anything else.

We do find many mothers who within a week's time maybe have three or four different places they have to place their children, not knowing on Monday where they're going to place them on Wednesday. That has contributed a great deal to absenteeism. There's no question about that. They really have no certitude within a week how their child care needs will be taken care of.

I think that probably when people count slots, they may have counted those 47 slots in that basement, there, too.

What's interesting is that very often for some mothers, it's difficult to find poor quality child care, let alone adequate care. In this instance, where the 47 were being taken care of, some parents probably said, well, here finally is something that we can afford. The person was charging $25 a week, I think.

I'm sure that some of the mothers knew that this was not the best situation, but very often it's difficult for mothers to find poor quality child care. I think there is a definite shortage out there, myself.

Let me just say a couple of things—and I do appreciate the positive approach that you've brought to all our discussions on this. It's been very helpful.

As far as training, we do have a training component. My subcommittee has had long experience with the training in the Head Start Program. To our knowledge, there's been no instance of abuse in the Head Start Program, because I think training tends to minimize that. When you train people well, you can recruit better and then train them. So I think that training is an important thing, given what we have learned from that Head Start Program.

I feel rather strongly regarding training. We're dealing with children who are in their formative years, and training becomes very important. So, in giving Federal dollars out, we try to be sure that those dollars are used in a situation where the personnel will be trained.

I might come back for another round of questions, but I'll turn to Mr. Tauke here.

Mr. **TAUKE**. Well, Mr. Chairman, just two quick points.

The first is that oftentimes it's said in Congress that Members don't have any influence on legislation unless they're on the committee or the subcommittee that deals with it. But I think that your testimony today indicates that knowledge is power in Congress, and that you can have influence on legislation just by working and learning about it.

Ms. **JOHNSON**. I appreciate it.

Mr. **TAUKE**. And I'd like to thank you for sharing your expertise with us.

The second point that I'd make is that I have an 8:00 plane tonight, and I'm getting worried about making it. [Laughter.]

So I'm going to refrain from asking questions until I have an opportunity to talk with you informally on a number of issues that we've continued to discuss over the last couple of weeks.

So thank you very much.

Mr. **KILDEE**. Mr. Sawyer.

Mr. **SAWYER**. Thank you very much, Mr. Chairman.

I just have a couple of fairly quick questions.

In considering the provision for tax incentives within the bill, have you made calculations as to what those would cost the U.S. Treasury?

Ms. **JOHNSON**. That's a very good point to raise and one that frustrates me terribly. I'm sorry that I can't sit here and tell you, but Taxation hasn't gotten back to us.

What we did was to put into our bill for the first 6 months of life, because of the problems with infant care and because I feel it's such a terrible decision to force women and parents to make, an allowance for two exemptions above the normal ones in the first 6 months for families where one of the parents stays home. It doesn't have to be the woman.

That amounts to about a $500 subsidy. That's not big money, but just an effort to say that we have some obligation here. I don't know what the long-term cost is, but I don't think it's very great.

In the first place, a lot of people can't afford to take 6 months off from their job, no matter what we give them. Second, it's not a very big subsidy. I hope that we won't neglect to address the issue of subsidies a little bit more head on than either in the Child Care Services Act or in the ABC bill.

My 1572 bill was much more specific, but I think that we really have to address this. As teachers' salaries rise, and as nurses' salaries rise, I tell you, the cost of day care is going to go up, and it should go up. One of the things that my bill calls for is a study of turnover rates. When you look at those, you'll see how devastating this is to children. They may be in the same facility with different adults every two weeks. You have to question what kind of security you're providing for them.

I think this issue of affordability is very, very important, and I'm glad that you raised them. As soon as I get any of those cost estimates, I'll share them with the committee.

Mr. **SAWYER**. Let me ask just a few questions regarding standards.

You call on the States to set standards. Would it be valuable, in your view, to define the arenas in which those standards are to be set? Is it important to have health and safety standards, as the Chairman mentioned? Is it important to have training standards for the people who provide service?

Ms. **JOHNSON**. Well, the problem is that if you get into that in Federal law, it's very hard to stop that ball from rolling downhill.

I know that when I was in the State senate, in the education committee, we tried to set out what were the goals of high school education. You know, we can't say that citizenship is not a goal, and so on and so forth, and you get all of European history, and so on.

What legislative body at any level is going to set standards for day care and not include health and fire? Not include ratios? Not include some kind of training and eligibility and police checks?

I really think that it will work out, and I think that if we came back and looked in 5 years, we would get much faster action by the States. In my bill, for instance, I require that we develop standards about minimum competency about care givers, both supervisors and workers.

I do think that the body of literature is such that there will be a lot of similarity.

My concern is that we will make a mistake at the Federal level that will be very costly. Then States will make the decision not to bother with this. If it looks too onerous—States simply won't bother to participate in it. They may make the decision.

When they couple the bureaucratic problems with the fact that enforcement often isn't very good, and under the bill inspections are only required once every 5 years—I hate to set that standard for them. I'm not sure that once every 5 years is anything that I want to have anything to do with, and if you set a minimum standard like that, they'll think that's enough.

I don't think that's enough. But I think there are some answers that we haven't yet gotten. I'll just tell you this one incident that happened in a hearing in Pennsylvania, because I think it's worth it.

There's a whole new private sector thing happening out there, that has to do with one person taking responsibility. In Florida, it was the immigrant farm labor—some farm laborers' association. They took responsibility for the quality of homes—with a special exception from the Florida Legislature—getting homes in the rural community organized and became the licensed entity, ensuring care in this chain of homes.

There's something out there that's going to give us better ability to monitor home care, better than we have not with State inspectors trying to go to every home.

When States begin saying that we can only do it once every 5 years, frankly, what kind of guarantee is that to the public?

Mr. Sawyer. In fact, that's exactly the point.

Ms. Johnson. That's right.

Mr. Sawyer. We're sitting here offering incentives, urging the increase in the number of slots and the availability of a wide variety of, I assume, diverse and creative kinds of care giving. But we don't define even the arena within which we will agree to call a slot a slot. Is that slot with 47 kids on the floor in the basement—is that truly a slot? And if we're providing incentives to States, dollar incentives, to increase those numbers of slots without even defining what we mean by what is a standard, it seems to me that we're providing an incentive for precisely the kind of thing that we're trying to avoid, and which you fear most in the setting of Federal standards.

Ms. Johnson. Well, I think there's a big difference between providing money and incentives and saying that States have to set standards and the money can only flow to those entities that meet those standards and not requiring standards.

It's just that I think the dialogue about the standards must be carried on at the State level. This is not only because it would result in more realistic standards, but because you would get that level of involvement.

The Head Start Program is a very interesting and instructive example. What makes Head Start strong is parent involvement as well as training. The parents are so involved in that program—if we had parents involved in every day care setting like they are in Head Start, we wouldn't have any problem with abuse.

Mr. SAWYER. But of course in Head Start, that kind of parental involvement is a matter of definition in Federal law.

Ms. JOHNSON. That's true.

Mr. SAWYER. I don't think that's an onerous standard that was established in Head Start, and yet it's essential to the demonstrated success of that kind of program over time.

I'm not sure that we have a deep disagreement here—but we certainly all agree on the importance of establishing standards. I guess it comes down to where those standards are to be established.

I appreciate the constructive character of this conversation.

Ms. JOHNSON. I'd be happy to talk to you over the course of the month that you're working on this bill, and I appreciate your real commitment, and that of the members of this committee, to really developing something that will serve children and the future of America.

This is a job that we really need to do this session. Thanks.

Mr. KILDEE. Mr. Grandy may have some questions.

Mr. GRANDY. Thank you, Mr. Chairman.

Two questions, Nancy, one specific and one general.

The specific one regards the figures that you have for phasing out the dependent tax credit. You start phasing it out at $60,000 and end at, I think, $69,500. Just out of curiosity, how did you arrive at that figure?

Ms. JOHNSON. Pragmatically.

That would allow me about $200 million in 1985, when I first submitted the bill, and about $300 million the next time I submitted the bill. Now it would be worth something more than that to begin funding certificates or subsidies for lower income families. The tax credit program is about $4 billion now.

This only helps people who earn enough to benefit from the tax credit, though. A real, comparable subsidy program would probably cost us $3 billion. But I thought now, that around $400 million or $500 million to get it started would be a good way to get it started. It would need more funding in the future.

Likewise with our program, we started with a $250 million grant. The first year, to get that many grants out there to start new facilities, we'd do very well if we really got that going. For a lot of what we're doing, we have to see a start-up cost. I just chose those income levels because they seem to me tolerable.

A lot of Members on both sides of the aisle, Democrats and Republicans, said that $60,000 was too low, and some said that $60,000 was too high. We don't agree by party, much less in any other way, about phasing out the tax credit. I just phase it out at a point where I thought we could have reasonable money to start a program that would make the Federal policy more equitable.

Mr. **Grandy**. Did you happen to run any numbers at other mean salary levels?

Ms. **Johnson**. We did, and I can provide those for you.

They may not be up to date, but I know that we have them.

Mr. **Grandy**. I know that on our task force, we looked at another figure, and I'd be curious to know how it jived with yours in terms of the monies that we would have to fund the program if we perhaps went to a lower figure.

The second question is much more general, and I'm not sure we'll even get an answer out of that. But as I listened to the discussion about Federal minimum standards, it reminds me of the sessions we're currently having over the ground water controversy in this country, and how we're getting standards for measuring that.

I think that at least the Environmental Protection Agency is beginning to kind of grope toward what they call health advisory levels. This is not basically telling States what to do, but telling them where they think safety standards ought to be. These are guidelines, perhaps, not regulations.

I could see that here for health and safety, when we're talking about standards for child care. I can see that kind of advisory.

But when we get into the question of training, and more ambiguously the developmental responsibility or the quality of the care, I have a very difficult time figuring out how much or how little we ought to be involved in that.

You say in your testimony that you have some concerns that the ABC bill would require latch-key sessions to provide study skill training and discussions. All these are very vague criteria, lending itself to misinterpretation.

The question is, what do you think ought to be the child developmental responsibility of child care providers? How much or how little must be provided beyond a warm place, a friendly environment, and some care and some food?

Ms. **Johnson**. I really think it's important for all caregivers to have some understanding of child development, what to expect of children at different ages, how to make a healthy environment for them, their physical needs, their emotional needs, separation issues from their parents, and things like that.

Mr. **Grandy**. Would that involve being a mother or a father over a period of time?

Ms. **Johnson**. You don't have to be a mother or a father. I do think, though, that you learn a lot from being a mother or a father.

Mr. **Grandy**. I meant it the other way.

If you've been one, does that qualify you?

Ms. **Johnson**. No, no, I think that you do need a training program. I think that's really important.

States should be held accountable for some decent training program. I think that the literature is clear enough on training issues, so I don't think there's much danger in setting Federal standards in training.

My concern is to try to allow States to use their community college system to implement it, so that you don't require setting up parallel resources when they are there. But the standards, I think, are okay.

Mr. Grandy. For a farm homemaker, a woman who perhaps has been taking care of her own children, and now needing to make a second income, a natural skill would be to provide home-based care in a rural community.

Does this woman have to go to a community college to get training for something she's been doing for years as a parent?

Ms. Johnson. I think that we should provide some training for all providers. I think that she should go to a community college if that's not too burdensome.

We have some very good provider training programs in Connecticut that are two months, and maybe a shorter kind of thing. But she needs to be able to see what she knows, the skills that she's developed in life, in a more objective fashion. She also needs those contacts through which she can say, when she has a very difficult child—she can call somebody whom she now knows and say, "I don't know how to deal with this child."

I don't find some training requirement something that women couldn't manage, that providers couldn't manage. I think that it also helps them to see themselves as more professional. I'm not just a mother expanding my mothering, I'm becoming a child care provider.

One of the reasons that I have that amnesty or hold-harmless provision is that I want those people who have been doing it and succeeding to come into the system and see themselves as professionals and this as a career opportunity. I think that meeting standards helps to develop that professionalism.

Mr. Grandy. I'd be glad to yield to the vice chairman.

Mr. Tauke. It just is inconceivable to me, coming from Iowa, that you are suggesting that somebody who is my next door neighbor, and whom I ask to take care of my child, is going to first have to go to a community college in order to receive training to do it? Are you suggesting that everybody who does babysitting receive some kind of training?

A fact of life is, Nancy, that if you do that, you're going to encounter enormous resistance in large parts of the country. If we get into the position of telling everybody that they don't know how to take care of children without going to the community college for training——

Mr. Grandy. Reclaiming my time—if I could just dovetail on what Mr. Tauke says—I would think that a lot of these providers, who have been doing this most of their lives, would be the kind of people you would want to teach this kind of program.

Ms. Johnson. You're certainly——

Mr. Tauke. Would the gentleman yield?

Mr. Grandy. I yield back to my colleague.

Mr. Tauke. When my grandmother took care of us for awhile, she had had six kids of her own, and 33 grandchildren. Under this suggestion, she'd have to go off to college for a couple of months in order to take care of us while our mother was hospitalized.

I just can't imagine that we'd want to have that kind of situation.

Ms. Johnson. My bill does address this by requiring States to set up standards with minimum competency for child care workers and supervisors. Presumably rural States can accommodate to the shape of their networks.

That's one of the reasons why Federal standard setting versus State standard setting is so important.

You do have a different situation than Connecticut has. The distribution of our population is different. And the States need to be on the mark for doing what we want them do to, but they have to do it in a way that's good for their people.

The problem that you point to, about the natural caregivers not being able to comply with the system's requirements and therefore being unlicensed—that will not result in their not providing care. We know that from licensing States. They won't not provide care. They will provide care.

But the people who use it will not get any help from the Federal Government, and that means that the people from some of the poorest, most rural communities will not be eligible for subsidies that would help them with an economic burden because we can't, from Washington, deal with the problem that this farm woman is a wonderful woman and provides wonderful care but doesn't fit into our pigeonholes.

This is one of the big problems that we have to face, and it's one of the reasons why I think the States need latitude. We have to be really careful about what we let the Federal Government do.

Mr. **GRANDY**. Well, I totally agree with that concept. I just wanted to have that on the record because of the difference between States. I would assume that if Iowa had the latitude, they would be seeking these women out, rather than trying to preclude them by saying that you've got to go to a community college and take a 2-month course in counseling children. We won't provide any transportation for the five kids you've raised up to this point.

I think that whatever kind of developmental component we build in, it has to have the broadest possible waiver to allow those naturally talented individuals to come into this system.

Mr. Chairman, I'll yield back.

Thank you, Nancy.

Ms. **JOHNSON**. Thank you, Mr. Chairman. I appreciate this opportunity.

Mr. **KILDEE**. Thank you very much, Nancy. I appreciate your testimony.

Our next witness is the Hon. Nick A. Theodore, Lieutenant Governor of South Carolina.

Governor Theodore?

We appreciate everyone's patience today, waiting for their turn to testify.

Governor.

TESTIMONY OF LT. GOV. NICK A. THEODORE OF THE STATE OF SOUTH CAROLINA

Governor **THEODORE**. Thank you.

Good afternoon, Chairman Kildee, and members of the committee. I want to thank you for this opportunity to be before you.

I'm Nick Theodore, the Lieutenant Governor of South Carolina, and also a businessman. I came here today to talk with you and tell you about the state of child care in South Carolina from both perspectives—that of an elected official and a concerned businessman.

I am not going to relate to you the tragic stories of what can happen to children and parents if parents are unable to find and afford child care. You've heard those horror stories on many occasions before. Even though there have been and will continue to be many tragedies in South Carolina, I would prefer to concentrate today on what can happen if quality care is available.

I'm not going to repeat those statistics that you have undoubtedly already heard over and over, those that prove child care is an excellent economic and educational investment.

Instead, I want to tackle those arguments which I call the five myths about child care.

Myth number one: child care is anti-family. That's nonsense. Changing demographics in South Carolina and the Nation show that women are entering the workforce in record numbers, either because they want to, or because they have to. Yes, some women choose to stay at home, and can afford to stay at home, as my wife did. That's wonderful, and that's a choice which must be preserved.

But, in South Carolina, lack of child care is causing tremendous financial and emotional strains on families who must work or choose to work. For two-job families, poor child care and expensive child care lead to stress, causing disharmony between job and home life.

Granted, there is nothing worse than bad child care. But that's why it is so vital that we address national standards so that parents can be comfortable with their child care arrangements. This allows happiness both at home and on the job.

Myth number two: there is no child care crisis. If there is no child care crisis, why is there such a public outcry for child care? In my State, 58 percent of all mothers with children under six work outside the home. That's second only to Washington, DC.

Unfortunately, there's only enough space in the State's child care facilities for less than a quarter of these children.

Recently I took the initiative and brought to South Carolina and sponsored in Columbia, South Carolina a Family Forum, to emphasize the need for quality child care. There were 700 people there, a huge success by anyone's standards in our small State.

In that audience, there were blacks, whites, young, middle-aged and old people. There were plumbers, judges, CEO's of some of our largest corporations.

As elected officials, you know that power of such a large and diverse crowd. I've been in elected office for over two decades, and I've never received so many letters, so many phone calls and comments from so many different people concerning this very critical issue.

All of this proves to me that people of all races, all ages, and all walks of life, are concerned about the lack of child care, and they're hungry for a solution.

Myth number three: child care is only a social issue. Wrong again. Frankly, I'm weary of excuses from many of our elected officials who say that they support the child care initiatives, but who can't see the spending of $2.5 billion on another social program.

Child care is an economic issue. Child care is also an educational issue, as well as a national defense issue. For a tiny fraction of the defense budget, we could really play offense, establishing a comprehensive education package which could give our children a head start while allowing their parents to remain in the workforce. To me, that's the strongest defense policy that we could adopt.

I'm sure that you're all familiar with the plight of South Carolina. The number of families living in poverty in our State is quite disturbing. Our infant mortality rate, unfortunately, is one of the highest in the Nation. These social and economic problems are due to our failure to make proper investments in education.

If we continue to make these mistakes, our problems will continue to escalate.

Myth number four: the Government shouldn't butt into child care. At the State and Federal level, the Government is already spending millions on programs related to child care. Whether we realize it or not—but this is a negative, regressive spending.

Today we have a choice. We can either spend dollars up front on quality child care, or we can spend at least five times as much at the back end, through remedial educational, welfare, prisons, or other mop-up programs.

This is a sloppy way of doing business, and any corporate executive in the private sector would shudder to see his or her business run in this manner. In South Carolina, we desperately need the $47 million that the ABC bill would provide for child care services.

Yes, it will cost us money to match the Federal funds, but we're prepared to pay that price. Quality costs money.

As many of you know, we recently made a commitment to education in South Carolina with the Education Improvement Act. This is widely viewed as one of the most comprehensive educational reform packages in this Nation, according to the Rand Corporation.

I join former Governor Dick Riley in leading that fight, and I'm prepared to lead the fight for better child care. I'm happy to report that there are many others in our legislature who have this same feeling and are ready and willing to assist.

Myth number five: if Government ignores the child care crisis, then business will pick up the pieces. First of all, that's a false premise. But even if it were possible for the private sector to eventually meet all of the child care needs, by then it would be much too late. In South Carolina, very few businesses provide any kind of care services. With education and encouragement from my office, they are warming up to this idea, however. But they simply cannot provide all of the answers. The Nation must address the child care crisis through partnerships.

Government can't do it all, the businesses can't do it all, and parents certainly can't do it all. But child care is an issue which reaches out and grabs us all by the pocketbook. Together we can find the answers—I'm sure of that.

As Lieutenant Governor, I'm not promoting child care because it is a popular issue. I'm promoting child care because I'm convinced that it can bring both short and long term economic benefits to our State and to this Nation.

It is time that we as businesspeople and as politicians stop living in the past and start giving attention to an issue that can make the difference between prosperity and poverty.

Thank you very much for your kind attention, and for allowing me to be with you today.

[The prepared statement of Hon. Nick A. Theodore follows:]

State of South Carolina
Office of The Lieutenant Governor
Post Office Box 142
Columbia, South Carolina 29202

Good morning. I am Nick Theodore, Lieutenant Governor of South Carolina, and I am also a businessman. I am here today to tell you about the state of child care in South Carolina from both those perspectives, as an elected official and as a concerned businessman.

I am not going relate tragic stories about what can happen to children and families if parents are unable to find or afford child care. You've heard those horror stories before, and even though there have been and will continue to be many tragedies in South Carolina, I would prefer to concentrate on what can happen if quality child care is available.

And, I'm not going to repeat statistics you have undoubtedly heard over and over, those that prove child care is an excellent economic and educational investment. Instead, I want to tackle those arguments I call the five myths about child care:

MYTH NUMBER ONE — CHILD CARE IS ANTI-FAMILY

That's nonsense. Changing demographics in South Carolina and the nation show that women are entering the workforce in record numbers, either because they want to or because they have to. Yes, some women choose to stay home and can afford to stay home. That's wonderful, and that's a choice which must be preserved. But, in South Carolina, lack of child care is causing tremendous financial and emotional strains on families who must work or choose to work. For two job families, poor child care and expensive child care leads to stress, causing disharmony between job and home life. Granted, there's nothing worse than bad child care, but that's why it is so vital that we address national standards, so that parents can be comfortable with their child care arrangements, allowing happiness both at home and on the job.

MYTH NUMBER TWO — THERE IS NO CHILD CARE CRISIS

If there is no child care crisis, why is there such a public outcry for child care? In my state, 58 percent of all mothers with children under six work outside the home. That's second only to Washington, DC. Unfortunately, there's only enough space in the state's licensed child care facilities for less than a quarter of these children. Recently, I took the initiative to sponsor a family forum in Columbia to emphasize the need for quality, available child care -- 700 people showed up, a huge success by anyone's standards. In that audience, there were black people, white people, young, middle aged and old people. There were plumbers and there were judges and there were executives from some of the state's largest corporations. As elected officials, you know the power of such a large and diverse crowd. I have been in elected office for over two decades, and I have never received so many letters, phone calls and comments from people who grabbed me on the street to show support of the issue. All this proves that people of all races, all ages and all walks of life are concerned about lack of child care and are hungry for solutions.

MYTH NUMBER THREE CHILD CARE IS ONLY A SOCIAL ISSUE

Wrong again! Frankly, I'm weary of the excuse from our U.S. elected officials who say they support child care initiatives, but can't see spending $2.5 billion on another "social" program. Child care is an economic issue. Child care is also an educational issue as well as a national defense issue. For a tiny fraction of the defense budget, we could really play offense, establishing a comprehensive education package which would give our children a head start while allowing their parents to remain in the work force. To me, that's the strongest defense policy we could adopt.

I'm sure you all are familiar with the plight of South Carolina. The number of families living in poverty in our state is disturbing. Our infant mortality rate is one of the highest in the nation. These social and economic problems are due to our failure to make proper investments in education. If we continue to make these mistakes, our problems will only continue to escalate.

MYTH NUMBER FOUR THE GOVERNMENT SHOULDN'T BUTT INTO CHILD CARE

At the state and federal level, government is already spending millions on programs related to child care, whether we realize it or not. But it is a negative, regressive spending. Today, we have a choice. We can either spend dollars up front on quality child care, or we can spend at least five times as much on the back end, through remedial education, welfare, prisons or other mop up programs. This is a sloppy way of doing business, and any corporate executive in the private sector would shudder to see his or her business run this way.

In South Carolina, we desperately need the $47 million that the ABC Bill will provide for child care services. Yes, it will cost us money to match the federal funds, but we are prepared to pay

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that price. Quality costs money. But, as many of you know, we recently made a commitment to education with the Education Improvement Act, which is widely viewed as the most comprehensive education reform package in the nation. I joined former Governor Dick Riley in leading that fight, and I am prepared to lead the fight for better child care. I am happy to report that there are many others in our legislature who are ready to assist as well.

MYTH NUMBER FIVE IF GOVERNMENT IGNORES THE CHILD CARE CRISIS, THEN BUSINESS WILL PICK UP THE PIECES

First of all, that's a false premise. But, even if it were possible for the private sector to eventually meet all the child care needs, by then it would be much too late. In South Carolina, very few businesses provide any kind of care services. With education and encouragement from my office, they are warming up to the idea, but they simply cannot provide all the answers. The nation must address the child care crisis through partnerships. Government can't do it all. Businesses can't do it all. Parent's certainly can't do it all. But, child care is an issue which reaches in and grabs us all by the pocketbook. Together, we can find the answers.

As Lieutenant Governor I am not promoting child care because it is a nice issue. I am promoting child care because I am convinced that it can bring both short term and long term economic benefits to our state and nation. It is time that we, as business people and as politicians stop living in the past and start giving attention to an issue that can make the difference between prosperity and poverty.

Thank you.

Mr. KILDEE. Thank you very much, Lieutenant Governor.

Could you tell us how the ABC bill would enable your State to do what you are currently unable to do in the child care area?

Governor THEODORE. I think it would have several aspects of contribution to our State, Mr. Chairman.

First off, of course, it would allow us the financial resources to move forward into an area that has been ignored because we're a small State and we're not a wealthy State. It would offer those particular resources to move forward with.

By the same token, it would give us the various other aspects that, as I understand the legislation, would provide the abilities of course to establish a policymaking division, allowing us to administrate most of those affairs in monitoring our child care program. This would be audited, to be sure, by the Federal Government, but nevertheless, there would be that ability to move forward.

At the same time, we would have the opportunity to develop these resource and various reference centers. Along with that, we would seek to provide further services to both the public and the private sectors of child care facilities through the grants and other programs that this legislation provides for at the present time.

I would ask you to provide as much flexibility on the State level in conducting these affairs, however, as possible. Naturally the financial resources would be the greatest contribution that would come to our State through this ABC legislation.

Mr. KILDEE. Will South Carolina be able to meet its current child care needs in an adequate way without Federal financial assistance?

Governor THEODORE. I doubt that very seriously.

As you can appreciate, the amount of funds that would be allocated to South Carolina would require our State to have a number of years to develop that same type of a financial resource. Our total budget is $3 billion, of which we exceed 65 percent for education in all areas.

But it would be very difficult for South Carolina to make up those type of dollars for the program through an exclusive funding by our State legislature. That's unfortunate. I wish that we had those additional dollars to work with. Obviously, we're willing to incorporate as much as possible in matching funds and that sort of thing. But we are limited from the standpoint of overall economic resources.

While we're moving ahead at this particular time, we do not have the luxury of being able to develop those particular type of dollars for one single issue at this time.

Mr. KILDEE. Thank you very much, Lieutenant Governor.

Mr. Tauke.

Mr. Sawyer.

Lieutenant Governor, we appreciate your coming to testify before the committee. Your testimony has been very helpful in developing the legislation.

We'll take your support and your suggestions too. We do allow States as much flexibility as is reasonable, so that you can put together a good program.

Governor THEODORE. Thank you, Mr. Chairman.

We certainly will continue to stay in touch with your staff. We've been very helpful, and we'll continue to offer you any ideas that we might have at the State level for going into this legislation.

I thank you for taking this issue as a top priority. I agree with you that it is our number one priority for 1988 and beyond.

I'd invite all of you to the Palmetto State of South Carolina, where we have a beautiful environment and beautiful people.

Mr. Kildee. Thank you very much, Lieutenant Governor.

I will call together as a panel the following people: Dr. Alfred J. Kahn, Columbia School of Social Work, Columbia University.

Ms. Arlene Zielke, National PTA.

Mr. Douglas Besharov, resident scholar, American Enterprise Institute.

Mrs. Phyllis Schlafly, President of the Eagle Forum.

We welcome you all here. You may proceed in the order in which I called upon you, unless you've arranged some other order among yourselves.

Mr. Kahn. Mr. Chairman, I guess I heard my name first.

Mr. Kildee. Okay.

STATEMENT OF DR. ALFRED J. KAHN, COLUMBIA SCHOOL OF SOCIAL WORK, COLUMBIA UNIVERSITY

Mr. Kahn. I thank you and the committee for the opportunity to appear here today.

I'd like to take just a moment to tell the basis for my testimony. As you see, I'm a professor at Columbia University. I'm involved in a research program and have been for some 35 to 40 years. This means that I've had the opportunity, as several people here know, to conduct a study in a large city and of national policy in this field in the 1960's, and to participate in the 1960 and 1970 White House Conference on Families on this issue, chairing one of the panels in the 1970 event.

I've conducted for the Department of Health, Education, and Welfare a multicountry social service study which included child care in the early 1970's, and then conducted a six-country study for a major foundation which dealt with one of the issues on which Secretary Bennett touched today—the tradeoff between cash to help families and the use of child care resources. This was one of the few studies on that issue, on a comparative basis.

More recently, I completed a national study of child care with a book published recently in the United States, and finally, over the years I've studied and published with backing from the Federal Government, State government and major foundations, income maintenance, parent and maternity leave, employer responsiveness to the changing demography of the workforce, the situation of single families, and the issue of child support. You'll find a list of those reports at the end of the testimony.

Mr. Chairman, it's rather hard to sit through as many hours as we've been sitting and then to merely read what one has submitted. I'd like, if you please, to urge that you file my testimony and to make within the time confines that you have a few brief remarks, picking up on one issue that became rather critical this morning.

Mr. KILDEE. We'd prefer that since your written testimony will be inserted in the record at the conclusion of your oral statement.

You may proceed in that manner.

Mr. KAHN. You don't have enough time for us to read everything that we've prepared. But one or two points that were relevant—Dr. Zigler was quoted this morning. I think that it ought to be known that he's in favor of the bill. Yuri Brunferbrenner was quoted this morning, and I think that it ought to be known that he has long favored this type of legislation.

Thirdly, I think that with regard to the alternative you're being given him—that is, support families to stay at home rather than provide child care—I think this committee should know that this is a subject that we've been studying and reporting on recently, by looking at countries which indeed have such policies. A good number of the Western industrial democratic societies have such policies, at least until children are 2 or 3 years old. In the cases of Norway and England, it's 10 and 16 years old, if it's a single parent family or in poverty.

I think the committee should know that is not a way to lower costs. Indeed, if you went in that direction, you'd be multiplying 10, 20 or 30 times the cost that you're talking about in this bill.

In cases such as Italy, Belgium, Switzerland—the minimum that you have to do, if you're going in that direction, is child allowances and child tax credits at a cost significantly higher than AFDC at this moment. You have to go to some form of housing entitlement and protection, so that people don't feel that both parents have to be in the labor force. After all, we have a two-salary housing market in this country, not a one-salary, as it has developed, particularly in most of the large urban areas.

You have to move toward parent insurance or maternity leave or whatever you want to call it—we've had a number of names. This wouldn't be the modest bill that this Congress doesn't seem to be able to pass, but one which replaces salary at the level of 70 or 80 percent, so that a person can stay home for 6 or 9 months, to really protect the family and do that bonding that we're talking about—even if we want to have a 1-year period.

You have to have a stronger health care protection than we have now. You also have to have what was being urged by Nancy Johnson—flexible hours, shorter hours for parents with small children, and more opportunities for part-time work.

Now, I can make a case for all those things, and they all sound great, but I don't expect the Congress and this country to move in that direction very soon. Therefore, it seems to me that talk about offering protection for families as an alternative to child care has to be regarded as a debate which is really attacking child care and not supporting the American family. I have to read it that way, Mr. Chairman.

On the issue of child care itself—I'll be brief, since I'm exceeding my time—the various things that we've done and looked at suggest that child care should not be regarded as a luxury or a sometime thing for problem families. It's an essential, central, normal basic component of community life in all modern societies. It's enormously visible to parents of young children and of great concern to them. It has great implications for the future generations and the well-being of our society.

Its intent is to strengthen families by being responsive to the real situation of families today. Too many people have talked as though it's an alternative to strengthening families. It's a vehicle and a device for strengthening families. Spend as much time around the country as you can, interview mothers, sit in child care centers and welfare centers, go to community centers, and you'll discover that they regard child care as they regard housing and food and health, as part of what you need to be a family in America today, not as what breaks up families in America today.

It largely should be and is the responsibility of the voluntary sector and the churches and the States and local Government. It's unable to develop, though, unless the Federal Government provides buttressing and support as well. The Federal Government should not take this over or do it, but should support it and help it.

In this perspective, you have to regard the legislation that's being proposed as not enough, as hardly generous, and as leaving a lot of issues unsettled—quite pragmatic and quite eclectic. It departs from the unreality of laissez faire, which some people have proposed here today. It also probably rejects a strong, uniform, coercive National program which would be an enormous mistake.

Much is left to the State and local decision process. It faces realities, but it is urgent.

Two things need to be said in specific terms, and most of the rest I'll leave for my written testimony and for questions.

In the 1970's, responding to the changes in the labor market and in the American family, the child care field and the public perception of child care made a transition from a remedial, protective treatment service for children in troubled families or for poor children whose mothers were working to a service for average children in all economic groups.

The key to that is looking at what mothers who have college educations are doing, and at what mothers who have $25,000 or more in income do. Overwhelmingly, they send their kids to nursery school, and they have the option of not doing that if they want to. They regard this as normal in a world where kids grow up in a family with no siblings or one sibling, and no kids in the neighborhood. It provides a group experience, and they like the stimulation and the socialization.

The ones who are deprived are those working-class kids whose parents have a little too much for Head Start, or who can't get onto the Head Start waiting list, but who can't afford nursery school for them. It's that in-between group who would be the major beneficiary of these funds that are being talked about here on a sliding fee basis.

The supply is certainly not enough, Mr. Chairman. I could elaborate in great detail, but you've had other experts testify before you, and you've had others who have given you numbers.

In general, we have built supply in the recent years for the three to fives, much of which depends on the private nursery school, some on day care, and some on prekindergarten developments and programs for the fours in the States. Most of those programs are part day. Talk to parents and learn about how they package their day.

They run from place to place, drop a kid off here, pick a kid up there, and package their day because there isn't an all day program. If they raise the money for half-day nursery school, they can't afford all day. Most of them don't become all day, since there are different standards and requirements in the States to become all day.

Secondly, they have a transportation problem when they do this, so they run around and negotiate deals and sharing and so on. If you want to meet harassed and stressed women, then I suggest that you visit your local phone company, your local restaurant. Sit in a coffee shop and talk to the local workforce, or go to the typists at a large insurance company and ask them how they manage their day and what they've done with their children that particular day.

Yes, three to fives are better supplied than the others, but they're not well supplied, but the part day is a problem. The middle class has nursery schools. The others either can get into Head Start or they're lucky and find a good family day care home, or they use that big underground. Nobody knows how big it is, but we know that some of it is pretty horrible.

The infant and toddler shortage is overwhelming in this country. That is why you're getting businesses everywhere running campaigns to recruit family day-care homes. Why would they be doing it if there were no shortage? They certainly know bottom line issues when they see them.

We have an enormous shortage of infant and toddler care.

The after school problem is a large one for elementary age kids. I'm not going to give you numbers of 15 year olds who have no care. I'm talking about 6 and 7 year olds, and 8 year olds, who need care in one way or another.

So, first we have a supply problem. Secondly, parents know how to talk about kin and network and family and relatives, and that's marvelous, and if they have them and use them, God bless them. But grandmothers are working now. Families are small, and most don't have that option. Look at a typical community and see where you can leave your kids without a resources.

What's happening is that families are doing what they can. Of course low income people aren't going to spend money on child care if they can tap the informal network that we all nostalgically look back to, and which sociologists wrote about with great emotion long ago. That's fine. But we simply do not have that as an option for most families, and they would not spend money if they could avoid spending money.

There are a lot of operations, but they lack resources and support. If I could introduce a word into this discussion—we need an infrastructure for child care in America. We need people who look at the picture in their State and community. We need standards. We need people who clarify what level of standards a State does want, and who do something about that level of standards. We need information or referrals so that people can find that best that's around.

Most of all, we need some money to help people with low incomes. You're going to be told that this money is going to be spent on middle class people. The States have sliding fee scales, and they look at the way the money is needed. The amount of money needed is going to be budgeted within the States. The States will look at their priorities.

We assume that with a sliding fee scale, if we give some money to someone who's at the State median income or above, it's going to be a very little supplement to what they have, and that the bulk of the money will go to low income people. There's no question about that issue.

I think that I've exceeded my time, so I just would like to make two other points. One, tax credits are not a substitute, because—and I've studied the tax credits for child care and I've looked at it in great detail. It's all fine, and the more that you can do with it, the better. It will not solve the problem of low income people. It's just not a good way of targeting low income people who are not adequately within the tax system.

If you pursue that issue far enough, you find that the only way to support low income people with child care costs is to give them the money directly. The tax credit becomes an inefficient way of doing it, and you're talking about subsidizing directly on a basis which the State will define on some sliding basis, depending on people's income.

You're also going to be told, or have been told, that mothers work part time, and therefore they don't need child care. Two quick points. One, somewhere between 50 and 60 to 65 percent of those mothers are working, and secondly, of the mothers working somewhere between 60 and 67 percent are working full time.

Full time means 35 hours. Do you mean that you don't need child care if you work 30 hours, or 29 hours, or 28 hours? If you add those numbers, the percentages go into the 70's.

Finally, a lot of mothers manage to work part time because they can place their kids in child care. They need child care also. That's not an argument, Mr. Chairman. It will eventually determine the size of the supply and the kind of the supply that we need, and that's why this legislation properly leaves that to the State planning process, which is so urgent and which needs support.

We also need somebody in Washington who pulls that together and helps States share the experience, and lets them know what's happening. We're in a situation today where there's only one Federal official in the child care field. I cannot believe that, Mr. Chairman.

I don't know any modern country, even modern countries with 8 million people, not of our size, who don't have some people who share from one place to another and pull that information together. We don't have data about supply, we don't have it about demand. We don't have good data about costs, and so on. So we hear rumors of one sort or another.

You're going to be told as well that regulation cuts supply. Yes, it does. There's a lot of food not on the market because we regulate contaminated food, and there's a lot of wheat that isn't sold because somebody found that it was contaminated. There are a lot of planes that don't fly because somebody said they weren't safe, and there's a lot of building insulation not being used, because we have regulations.

In each of those cases, you decrease supply, and you also would cut costs. This is not the poorest country in the world. There are no countries in the world who feel they should bring their children into care without protecting them.

We now protect workers in the workplace with something called OSHA. We have all kinds of rules elsewhere, and this Federal Government should not put money into building a supply of child care without also doing minimal protection. I mean empirically based protection, whether in health, safety, or other areas.

A lot of money was spent in the 1970's and 1960's in determining empirically what the norms should be for child care—things like the size of groups beyond which people can't supervise children of a given age. The numbers of adults you need to watch those little children that were being stepped on that we were told about. This was something about the minimum amount that somebody ought to be exposed to in the way of education if they're to take care of other people's children all day long.

Those standards empirically derive, and then when Mr. Crystal says we don't know anything empirically about those subjects, he's acting as though there were no history before 1985, or maybe 1981. I'm not sure.

But the issue does have a history, and there's an empirical base. Whether these specific standards which are being advanced are legitimate or not can be determined by looking at the empirical data.

The Federal Government should do nothing more than the minimum. The States, in some instances, will go beyond it, and the States that will not go beyond it should not be using money to put children into care which endangers them.

This country has better child development research than any country in the world, and yet it does less to protect its children than many, many poorer countries.

Thank you, Mr. Chairman.

[The prepared statement of Alfred J. Kahn follows:]

TESTIMONY PREPARED FOR HEARING OF
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON EDUCATION AND LABOR
U.S. House of Representatives

Professor Alfred J. Kahn
Professor Sheila B. Kamerman
Columbia University School of Social Work

April 21, 1988

The Committee will want to know the basis for the conclusions and recommendations which follow. One of us studied child care in one big city, as well as national policy, in the mid-1960s and reported on it. Together we covered child care in a national and eight-country social services study in the mid-1970s, again in a six-country child policy study in the early 1980s, as well as in a new national study recently published.[1] Our other on-going work on income maintenance, parental and maternity benefits, employer responsiveness to the changing demography of the work force, the situation of single parents, and child support allows us to place these issues in more complete context.[2]

From the point of view of policy, the central conclusion from all this is that child care should be regarded as neither a luxury nor a sometime thing for a few problem families. It is an essential, central, normal, basic component of community life in all modern societies. Child care remains constantly visible and a matter of concern to a large proportion of families with children. It has major implications for the rearing of future generations, and thus for the well-being of our entire society. Thus, child care merits serious attention as well from local and state government and the voluntary sector. The federal government, too, has a vital, strategic role in facilitating sound development.

Seen in this perspective, the legislation before you (S1885 and HR3660) is a design for modest catch-up. It is not quite enough; it is hardly generous; it leaves important issues for the future; it is pragmatic and eclectic. It is a departure from the unreality of laissez-faire and it properly rejects a strong, central, uniform or coercive national program. Much here is left to the local and state decision process. The bill faces realities, attempts what is urgent, and assumes continuing diversity based on local needs and initiatives. The legislation deserves support.

Since you have held several hearings, the "basics" have been laid out: supply, demand, needs, problems. We wish to use the brief time alloted to us to attempt two things:

1. To describe the present national child care context on the basis of our most recent research. It will become clear at once that the Act for Better Child Care Services is responsive to that context.
2. To comment on a number of points of unclarity, confusion, and perhaps obfuscation in the media and in the current debate.

We welcome your questions.

PRESENT CONTEXT

In the 1970s, responding to changes in the labor market and in the American family, child care made the transition from a remedial, protective, treatment service for children in troubled families - or for poor children - to a service for average children from all economic groups. It was a transition that had begun during World War II, but by the early 1970s, its scale and direction were clear. Even families with a mother at home elected pre-schools for their 3 - 5 year olds if it could be afforded. The trend so accelerated in the 1980s as to make the pattern normative.

Nonetheless, the supply is not adequate. If we add kindergarten, pre-schools, private nursery schools and family day care, it is obvious that there has been enormous growth in supply for the 3 - 5s. But there still is extremely rare. Various reports have specified the problems. We note that many programs are [illegible] part-day. Many are private and inaccessible to low-wage earners. Many family day care homes are in the unlicensed, uninspected, and unprotected "underground". Many facilities must manage with terribly underpaid and sometimes unqualified staffs, with resultant high turnover. Or the groups in such facilities may be too large for the children to have protection and individual attention, and to thrive. The lack of enough all-day care, particularly in the 3 to 5 age group, and after-school care for the early elementary grades is a major problem.

We have found inadequacies in the supply of infant/toddler care almost everywhere. It is the mothers of these youngest children who have now entered the workforce in large numbers, but the very changes in women's roles in the labor force have also limited the supply of cheap family day care. Good group care for infants is expensive and few providers are able to undertake it successfully on a sufficient scale. Many parents must settle for the alternative of cheaper, unlicensed care and this causes anxiety and concern everywhere. The existence of such unregulated and invisible care should not be used to reassure Congress that there is no need. Communities in many parts of the country know all of this and are trying to tackle the problem, but they clearly need help with affordability, quality, and access.

After-school care for kindergarten and primary school children is also almost everywhere in short supply. New program forms are developing, and there is need for practical help, technical aid, and for some financial support for programs serving very low earners.

We wish to stress, however, that the country has not been sitting back waiting for the federal government. The social changes which have made child care so important have also generated enormous energies and much creativity. Evidence of this is found in churches, social services agencies, schools, settlement houses, and in state and local government. Some large private businesses have also undertaken to help, either in their role as corporate citizens in their communities, or by aiding their own employees. Parents and child care advocates have worked diligently, have experimented, and have invented new ways to assemble resources, to educate consumers, to help parents find programs for their children.

Many of these operations lack resources and therefore cannot do enough. Most of them reflect the lack of state and local governmental infrastructure, and are therefore not adequate. One sees everywhere urgent need for start-up resources, technical assistance, training, planning, and monitoring of basic standards. Further, since many of those in need of services are from among the working poor and the lower middle class there is also need for some financial buttressing. From every point of view the society gains if parents make their own way in the economy, perhaps with some modest supplementary help. Resources are needed for this.

Some states have made up for federal cut backs in the early 1980s with their own funds, and others have added new funds, particularly in the context of welfare reform. Other states have not been able to do very much. The key point to be stressed, however, is that the American people, American parents, have made a good start on their own. The federal financial participation and program initiatives being proposed here represent not the taking over of responsibility by the Congress, but a joining of an effort already underway and the support for an initiative launched by the American people.

Thus, to repeat, the time has come for the society - and thus for state and federal governments - to acknowledge child care as a major need and participation in child care as normative. Child care services should evolve and become as much a part of the social infrastructure of this society as schools, libraries, parks, highways, and transportation. To say this, is not to assume that every city and every state will or should do the same thing. Child care strategy is intertwined with community and state economic, cultural, ethnic, and demographic characteristics. There is no need for national uniformity or state rigidity. Diversity has been and remains an important value in this field. There is absolutely no basis for coercion, since all child care is and must remain a resource available to people who want to use it, not a requirement for young children. This is a time, also, for experimentation, empirical approaches, flexibility - but also for serious efforts to learn, communicate learning and take bold initiatives.

As one notes activity, initiative, and progress, one also perceives one big gap in the child care picture: It is the essential federal presence and more adequate federal financial participation. No modern society anywhere would accept the argument that its central government can stay away from the issue.

UNCLARITY, CONFUSION, DEBATE

Juggling an Inadequate Supply

We were in one state the week before last in which state welfare staff told us that since there was not enough child care, they were rearranging the priorities for publicly-funded programs. Now, abused children would continue to be first and the children of "welfare reform" mothers entering new training programs would be next. High priority also would have to go to migrants and to adolescent mothers attempting to continue with school.

What, then, was their concern? They did not have nearly enough money to provide care for all the children of low-income working mothers who were paying on a "sliding scale". The only way to find child care for the mothers in work training, part of welfare reform, would be to cut resources for the working poor. We asked what would happen to the children of mothers leaving the welfare rolls when they completed training and got jobs. After all, they would then become the "working poor", and that "pool" of funds was limited and being diverted to the training group. Nobody knew.

We must add that we also have found more than one American community in which children are being classified by child welfare staffs as in danger of abuse as a way to raise their priority claims on scarce child care space. That is no solution.

It is sometimes argued that advocates want to bureaucratize and thus complicate and make costly what should be a natural, spontaneous activity - caring for children.

If spontaneous self-help could meet these needs, desperate parents would not be spending hard earned dollars for care, depriving their families of many other things in order to pay for child care. The labor market statistics, or a walk-through in any community, will show that we in America have organized child care for the same reasons that we have organized schools and nursing homes. Family and community life have changed and specialization has some values. Parents face reality and choose relatives, or employ in-home caregivers, far less than earlier because these resources are not available. Families are smaller and grandmothers, too, are at work. Those parents who work 30 or more hours a week choose family day care for their youngest child (38%) or turn to centers or pre-school (30%). Obviously, given the choice, many people would employ in-home caregivers who also would serve as housekeepers. Very few American families can afford this, the labor force available is completely inadequate in any case, and the need for more formal provision will continue to grow.

Parents who are of middle income, and mothers educated in college, whatever their income and whatever their labor force status, choose overwhelmingly to send their preschoolers to a group program. All parents send their 5s to kindergarten. The society has changed. Dare we allow a two-tier system to become permanent?

We have seen in place after place desperate parents "packaging" parts of a child's day in one facility, and parts of a day in another, or with a relative or neighbor. We have seen them moving their children two or three times a year because of dissatisfaction with the care arrangements or the disappearance of caregivers. We have seen them desperately going from one transportation and pick-up arrangement to another. Slogans about informal care and the adequacy of the natural helping network do not meet the needs of such parents. The development of a child care infrastructure, with federal government, state, and local government and the voluntary sector playing their roles and offering parents options which fit their situations would make an enormous difference to the child development picture in America today. "Cheaper" unlicensed, unregulated, uninspected underground care can be dangerous. A Congress which voted to fingerprint those who care for children - in order to protect them - cannot refuse to support what it takes to assure them access to adequate programs.

"Why Help the Non-Poor?"

The Congress learned long ago that the costs of decent quality care are high. It was recognized that even middle class working parents find such costs a burden. On the other hand, making it possible for parents to work was considered a sound investment from the point of view of the national economy, with due consideration of the alternatives. Thus, the Dependent Care tax credit today is the largest federal investment in child care.

Tax credits are fine, whether given to parents through the income tax system or to employers who make a contribution. The problem is that tax credits do not meet the needs of low-income working families. The present maxima, or any potential increases in the tax credit, are no substitute at all for direct subsidy on behalf of the lowest earners. States need flexibility in defining thresholds, but the proposed legislation does concentrate on those lowest earners. The money will go to people who need it. The legislation builds on existing "sliding fee" programs in many states. Those who worry that the proposed funds will be wasted on the middle class need only examine the experience in such states. They will be reassured. The states can be counted upon to identify their priorities and to concentrate resources on people who cannot manage in the marketplace.

To argue that people above the very low poverty or welfare threshold do not need some help with child care costs is to ignore realities in the lives of the working poor.

Anxiety has been created by large price tags which some put on the "eventual" package, should Congress move to a comprehensive program. People are talking of sums ranging between $32 billion and $100 billion a year. Obviously, those are "scare" numbers. Economists have begun to turn to this question, but there are as yet no reliable estimates of the long run costs of a more adequate approach to child care. This is inevitable since there is no picture of the ultimate delivery systems, utilization rates, and the distribution of costs between family, the marketplace, and the government. Some of the numbers cited ignore the worth of the investment already made. Obviously, the society will spend what it can afford and when it can afford it. The funds requested in the present bill will create a structure, encourage planning, make a major contribution to meeting current child care needs, improve quality, and ensure essential state and federal administrative tools.

"Mothers Work Only Part-Time"

A top economist in the Bureau of Labor Statistics reports in the most recent issue of the Monthly Labor Review that "the majority of mothers are in the labor force today - even mothers of infants and toddlers. As recently as 1975, a BLS study found sharp differences in participation rates of women by marital status and presence and age of children. Such differences have been reduced very substantially over the ensuing decade."[3]

The most dramatic growth since 1970 has been in full-time work of married mothers with young children.

In 1986, 78% of women ages 25 to 54 worked full-time, and another 5% were working less than 35 hours a week wanted full-time jobs. Census Bureau data for 1985 show us that 68% of mothers of "any own children" worked full-time and 65% of mothers with children under age 6 worked full-time. In fact, in 1985 of all mothers with "own" children ages 3 to 5, 59% were working and of those 61% worked full-time. Of those with children age 3, 59% were also working, and of those, 63% worked full-time. A special census study (SIPP) reported for 1984-85 that of all working mothers with children age 5, 62% were employed full-time. At the same time, of all employed single mothers with children under age 5, 66% were employed full-time.

These numbers become even more dramatic if one asks about mothers who worked 27 hours a week, or 20, or 25, hardly "part-time" in the family routine.

We are not arguing for full-time as opposed to part-time work. However, mothers who work whether full-time or part-time do need access to child care.

The need for such child care is well documented and the Secretary of Labor, who has access to all the numbers, said on March 17: "Quality child care must become a national priority."

"Regulation Cuts Supply"

Yes, it does. We eliminate dangerous drugs, contaminated food, planes that can't pass safety tests, building insulation that can't meet health standards - and for good reason. We need child care, but it must be child care in which children will not be abused or endangered. It should be child care in which children develop, learn, socialize, thrive. Parents want to be reassured that the country which leads the world in child development research will specify a minimum of protections for their children, and will give states and local government capacity to assure them that those protections are in place.

We know enough about the national picture to be worried. In contrast to the quality of Head Start, a program which is mostly for part-day, too many poor children are cared for in an invisible, unlicensed underground. In fact, many middle class children are also. Providers, especially unlicensed day care mothers, need help in becoming visible and in meeting standards. Many of them want to and respond to supports and incentives. Eventually, they gain in income and referrals.

The federal government almost began to lead on standards a decade ago. The effort was aborted despite a large investment. The new legislation will encourage states with regard to standards, and will set a reasonable national floor for those who want to qualify for federal funds. That floor is based on decades of experience and research. What are proposed are not the kinds of regulations that are frivolous or that stifle initiative and responsible entry into the field. On the contrary, they are the kinds of regulations that make child care work respectable and attractive, and give its participants a sense that they are involved in an occupation which meets expectations of parents. This is the minimum the Congress owes to the children and parents of America. The proposed legislation would give an important boost to standards.

CONCLUSION

In brief, the legislation before you builds on what localities and states are already doing. It creates a framework which will encourage needed, sound development and provide financial help to those who cannot manage to pay for child care in the marketplace without some public supplementation. It will support family life and parenting and will move us forward with regard to standards. It will involve parents, experts, providers, and citizens generally in shaping local delivery systems. It will encourage diversity and creativity. It will mean much to the children of this country. The resources will be well targeted on those in greatest need and the legislation will make it possible to address serious and large-scale problems with regard to standards, salaries, technical assistance, training, monitoring, and consumer education.

Parents, localities, and states are doing their part. The next steps must be taken by the federal government.

ENDNOTES

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Mr. KILDEE. Thank you, Dr. Kahn.

Ms. Arlene Zielke of the National PTA is next.

STATEMENT OF ARLENE ZIELKE, NATIONAL PTA

Ms. ZIELKE. Good afternoon.

I too will summarize the printed statement you have before you. I'm Arlene Zielke, the vice chairman of the National PTA Legislative Program Committee.

Our association represents over 6 million parents, teachers and concerned citizens who are committed to helping ensure that all children and youth receive health, welfare and safety protection.

I appreciate having the opportunity to address you on the subject of child care and early childhood education. These issues are the legislative priority of the National PTA.

My testimony today will highlight several points. First, the public demand for quality care; second, the individual and societal advantages of enrichment programs, and third, program and policy structure as well as the National PTA's preferences.

We know that over 6 million children under six years of age are unsupervised for a portion of the day. Some 9.5 million preschoolers have mothers who work outside the home. I will not repeat other statistics that you have received which further indicate the demand and the need for child care.

I would, however, like to call your attention to a rally that was held in Chicago this weekend. There were thousands rallying for child care, and this was quite an exciting event. This was for the ABC bill.

We have heard the average cost of child care, but let us go on to say that the crisis is so severe that the lack of child care and enrichment programs has become a National liability.

Business leaders traditionally silent on the topic of child care realize that the availability of quality programs affects more than the nuclear family. It is believed that high school success for some often begins with early intervention programs.

Similarly, teachers cite the lack of before and after school care as a key factor in poor school performance. Repeatedly, studies have shown that for every dollar invested in preschool activities, our society saves nearly $5.00 in future prevention and remedial services.

Children entering school unprepared are at a higher risk of becoming drug dependent and dropping out. Reports indicate that most incarcerated persons are school dropouts. We know that it is much more costly to keep a person incarcerated than it is to offer early childhood programs.

Looking beyond the facts, I'd like to discuss the National PTA's vision of the Federal Government's role in child care and early childhood education. Further, I will express our ideas for program goals, content and structure.

Whether child care or preschool, both the parent and child needs should be incorporated into the program design. For parents, services must be affordable and accessible. Accessibility includes not just physical convenience to home, work, or school. Equally important, parents must be involved throughout the planning and evaluation stages.

Parent involvement also means that onsite infant child care for schoolage mothers and fathers must be augmented. Too few teen parents are provided the opportunity to attend classes while their young children receive care.

For the child, developmentally appropriate services are essential. Some education specialists have justifiably questioned the benefits to exposing preschoolers to structured teaching techniques originally designed for elementary children. The PTA believes that there is no need to force children to learn—they are motivated by their own desire to make sense of the world.

A viable parental involvement component increases the likelihood the parent-teacher interaction will be established. This model of involvement could be sustained throughout the child's formal education.

How then could Federal policy best meet the child care challenge? The National PTA believes that society is now in the crossroads in the development of child care policy. The Federal Government can help to coordinate the now fragmented child care and early childhood education system, and establish a broad universal plan. For decades, public policy makers have ignored the child care issue.

Consequently, the private sector has provided the majority of services now available. That work must be recognized and preserved, yet a national child care bill must contain provisions that facilitate and encourage the public's investment in child care and early childhood education programs.

There has been a schism between the educational community and the social services professions regarding child care management issues. This divisiveness cannot continue. All efforts should be made to coordinate health and human service programs with educational services.

The Federal Government must assume leadership to advance partnerships with State and local agencies to provide adequate financial resources to support child care and enrichment programs.

A child care bill must embody certain principles before we can lend our endorsement.

Federal monies must be tied to minimal standards.

Second, implementation and enforcement of regulations must be guaranteed.

Third, a parental involvement component should be developed.

Fourth, adequate compensation for caregivers must be addressed.

Fifth, aid to help low and moderate income families afford services must be included;

Sixth, a sliding fee scale should be implemented.

Public monies should be available to help families pay for care. However, we have strong objections to the passage of any new child care package that establishes a Federal voucher program.

Our dissent stems from a number of concerns. First, if public monies go to a private institution, can the excessive entanglement of oversight activities be prevented?

Second, if a church or church-affiliated agency gets tax dollars, how do you ensure that young children are not being taught religion?

Third, should the Federal Government fund private religious institutions?

The National PTA fears that institutionalizing vouchers through Federal law will open the floodgates for elementary and secondary school certificates. Will the courts or future policy makers be able to make a distinction between tax supported aid for child care or preschool vouchers and elementary and secondary school assistance?

This distinction is mired by the growing movement by child care and educational professionals to elevate the public's awareness that programs for young children are not custodial in nature, but in fact produce an invaluable educational experience.

Further, there are few safeguards to ensure that vouchers would not be used for the teaching of religion to young children. Monitoring church related programs may prove administratively burdensome.

The National PTA would recommend that the langauge for any Federal care voucher be amended. To help facilitate the adoption of a funding alternative, the National PTA has developed a report entitled Options for Providing Federal Support for Child Care and Private Institutions.

We respectfully ask that this document be inserted into the record.

Mr. **Kildee**. Without objection, it will be included in the record.

Ms. **Zielke**. Thank you.

The National PTA would support a funding mechanism which eliminates vouchers and certificates and which allows States to fund private services through grants, contracts, or subcontracts.

Another option would be to allow States to set standards and directly purchase child care spaces for eligible children. The national PTA believes that clarification of the funding mechanism must be accomplished through the statute, not regulations.

Ensuring the neutrality of services is also important to the national PTA.

In closing, I would like to reiterate that the National PTA would like to see a child care initiative signed into law. Providing quality child care and preschool programs is a civic responsibility, and the public sector must become accountable for its role.

If children are to benefit, if our society is to prosper, then we must overcome the differences with the blending of ideas of a policy that will help meet today's family needs and prepare young children to meet future challenges.

We thank you for the opportunity to address this committee.

[The prepared statement of Arlene Zielke follows:]

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Testimony by the National PTA

Before the Subcommittee on Human Resources
Committee on Education and Labor
U.S. House of Representatives

regarding

Child Care and Early Childhood Education Programs

by Arlene Zielke
Vice-chair of the Legislative
Program Committee

April 21, 1988

Good Morning. I am Arlene Zielke, The Vice-chair of the National PTA Legislative Program Committee. Our association represents over six million parents, teachers, and concerned citizens, who are committed to helping ensure that all children and youth receive health, welfare and safety protections.

I appreciate having the opportunity to address the Chairman and other committee members on the subject of child care and early childhood education. These issues are legislative priority for our association, and the President of the National PTA, Manya Ungar has established preschool and child care policy as a focal point of her administration. Consequently, we are pleased to share with you our views and opinions on these issues.

My testimony today will highlight several points. First, is the public demand for quality care. Second, the individual and societal advantages of enrichment programs. And third, program and policy structure as well as the National PTA's preferences.

In terms of the need for services, the number of families requiring affordable, quality care continues to escalate. Over six million children under 13 years of age are unsupervised for some portion of the day. Some 9.5 million preschoolers have mothers who work outside the home. By 1995, more than 15 million children will have mothers in the labor force.

Economic survival is why these women work. In two-parent households, real income has declined over three percent between 1973 and 1984, and had women not been working that decline would have been 10 percent. Women's contributions to their family income in critical. In 1985, for instance, 68 percent of working women were single mothers, whose average annual income was $ 10,076. A quarter of all working mothers supplement a family income of $10,000 per year or less, another 50 percent have spouses who earn between $10,000 and $20,000 annually.

The cost of child care and preschool programs is often prohibitive for many parents. Ten percent of a family's income is spent on child care expenses. Estimates are that the yearly cost for full-time care for one child can range from two to four thousand dollars; the average expenditure is $3,000 annually. Is there any wonder why data show that the lack of affordable, quality care is an obstacle that prevents many AFDC recipients from entering the job market?

As you know, child care and early childhood education issues pertain not only to families who need such services, but also to business leaders who recognize early childhood intervention as the underpinning of a strong, vital, competitive and compassionate United States.

The crisis is so severe that the lack of child care and enrichment programs has become a national liability. Business leaders, traditionally silent on the topic of child care, realize that the availability of quality programs affects more than the nuclear family. Last year, over 200 corporate leaders and university presidents of the Committee for Economic Development announced that an investment in quality early childhood activities was essential to our nation's future well-being.

A panel of local, state and national leaders addressed the Joint Economic Committee's Education and Health Subcommittee in October of 1987, where panel members stressed their belief that high school success often begins with early intervention programs.

Similarly, teachers cite the lack of before and after school care as a key factor in poor school performance. A Lou Harris poll, conducted last year, found that a majority of teachers believe that unsupervised children experience more stress, which is a main reason why students have learning difficulties.

An increasing number of citizens see the cost benefit of instituting child care and enrichment programs. Repeatedly, studies have shown that for every dollar invested in preschool activities our society saves nearly five dollars in future prevention and remedial services.

The timing for focusing on early intervention and quality care programs is critical. We must act quickly. Of today's three-to-five years olds, one in four is poor and one in seven is at risk of never completing high school. Children entering school unprepared are at a higher risk of becoming drug dependent. What are these children's future? Reports show that two-thirds of all incarcerated persons are school dropouts. Approximately $24,000 per year, per person is expended on incarceration. A college education costs approximately $3,400 per person annually.

An escalating crime rate, a shortage of skilled workers, an increase of the public assistance roles, and the occurrence of teen pregnancy can be curbed if early intervention options are available to young children and their families.

Of these and other facts, I realize you are all too aware. Therefore, I shall move beyond the facts to discuss the National PTA's vision of the federal government's role in child care and early childhood education. Further, I will express our ideas for program goals, content and structure.

Whether child care or preschool, both the parent's and the child's needs should be incorporated into the program design. For parents, services must be affordable and accessible. Accessibility includes not just physical convenience to a home, work or school but, equally important, parents must be involved throughout the planning and evaluation stages.

Parent involvement also means that on-site infant/child care for school-age mothers and fathers must be augmented. Too few teen parents are provided the opportunity to attend classes while their young children receive care. These child care services should incorporate parent education classes about nurturing and human development.

For the child, developmentally appropriate services are essential. Some education specialists have justifiably questioned the benefits of subjecting preschoolers to structured teaching techniques, originally designed for elementary school children. Like many associations, the National PTA has adopted a policy position whereby formalized learning and academic curriculum is discouraged in favor of allowing young children to learn through experience and working with real material, such as blocks, paints, clay and role playing. PTA believes that there is no need to force children to learn; they are motivated by their own desire to make sense of the world.

Child care and early childhood educational programs are part of a life-long learning continuum. Our associations feels that a well crafted structure that incorporates a viable parental involvement component improves the likelihood that a pattern of parent/provider/teacher interaction will be established. This model of involvement could be sustained throughout the child's formal education.

At this time, I would like to discuss a more complex and contentious issue: how federal policy can best meet the child care challenge. How do we fulfill current need, yet formulate a plan that is politically acceptable for the future?

The National PTA believes our society is now at a crossroads in the development of child care policy. An increasing number of advocates and policy makers are looking to the federal government to help coordinate the now fragmented child care and early childhood education system and establish a broad, universal plan.

When mapping a child care and preschool strategy, we must survey our society's immediate child care requirements as well as scrutinize the long-term consequences of our plans for future generations. More specifically, how do we fashion a child care measure that will enhance the current delivery system, while creating incentives for positive change?

For decades, public policy makers have ignored the child care issue. Consequently, the private sector has provided the majority of services now available. That work must be recognized and preserved, yet a national child care bill must contain provisions that facilitate and encourage the public's investment in child care and early childhood education programs.

Historically there has been a schism between the educational community and social service profession regarding child care management issues. This divisiveness can not continue; all efforts should be made to coordinate health and human service programs with educational services. Although each discipline may have a different orientation, there is a common ground -- quality child care and enrichment programs for youngsters.

The federal government must assume leadership to advance partnerships with state and local agencies to provide adequate financial resources to support child care and enrichment programs. An agency within the Department of Health and Human Services or the Department of Education to collect data and provide an oversight function.

Currently numerous child care/early childhood education bills are before Congress. The National PTA has examined each of these measures. In a few instances, we would like to see an amalgamation of various provisions that might be amended to a primary vehicle.

But whatever the instrument, a child care bill must embody certain principles before we can lend our endorsement, such as: 1) federal monies must be tied to minimum standards; 2) implementation and enforcement of regulations must be guaranteed; 3) a parental involvement component developed; 4) adequate compensation of caregivers addressed; 5) aid to help low and moderate income families afford services; and 6) a sliding fee scale should be implemented.

Public monies should be available to help families pay for care; however, we have strong objections to the passage of any new child care package that establishes a federal voucher program. Our dissent stems from a number of concerns. First, if public monies go to a private institution, can the excessive entanglement of oversight activities be prevented? Second, if a church or church affiliated agency gets tax dollars how do you ensure that young children are not being taught religion? Third, should the federal government fund private, religious institutions?

Nearly twenty states have some type of voucher plan. But this funding mechanism was not established by a federal mandate. Several of these states are finding that child care funding and the issue of church/state separation is being addressed by the courts at the local level.

The National PTA fears that institutionalizing vouchers through federal law will open the flood gates for elementary and secondary school certificates. Will the courts or future policy makers be able to make a constitutional distinction between tax supported aid for child care or preschool vouchers and elementary or secondary education school assistance?

This distinction is mired by the growing movement by child care and educational professionals to elevate the public's awareness that programs for young children are not custodial in nature but, in fact, produce an invaluable educational experience. As mentioned earlier, business leaders and researchers also see early intervention activities as a key factor in the educational continuum.

Further, there are few safeguards that ensure vouchers would not be used for the teaching of religion to young children. Monitoring church related programs may prove administratively burdensome. If an oversight system was established, there is the additional argument of excessive entanglement.

The National PTA would recommend that the language for any federal child care voucher be amended. To help facilitate in the adoption of a funding alternative the National PTA has developed a report entitled, "Options for Providing Federal Support for Child Care in Private Institutions." We respectfully ask that this document be inserted into the record.

Further, we would like to disseminate this paper to policy makers. This paper could be used as a starting point in developing and implementing an alternative to child care vouchers. The National PTA, for example, would support a funding mechanism that eliminates vouchers/certificates and allows states to fund private services through grants, contracts or subcontracts. Another option would be to allow state standards and directly purchase child care spaces for eligible children. An additional alternative would be to allow eligible parents to choose institutions from a list of those that meet applicable standards.

The National PTA believes that clarification of the funding mechanism must be accomplished through the statute, not regulation. As you know, unless there is regulatory negotiation one's ability to define legislative intent is limited. While there is a comment period, no guarantee exists that proposed language would be adopted. The issue of public funding of private institutions is too important to leave to chance, we urge that this issue be clarified at the sub-committee level.

Ensuring the neutrality of services is also important to the National PTA. Options for ensuring such neutrality could include provisions that limit participation of private institutions that are independent of religious affiliation. Another alternative is to require staff who participate in religiously affiliated institutions be employed by a public or neutral agency, or incorporate language similar to Section 19 in the Act for Better Child Care Services, S. 1885, H.R. 3660.

In closing, I would like to reiterate that our association would like to see a child care initiative signed into law sometime in the immediate future. We believe the federal government must assume leadership and set forth a national child care policy. We hope the measure will be far reaching in implementation and expansive in scope. Providing quality child care and preschool programs is a civic responsibility, and the public sector must become accountable for its role.

Children who start out in elementary school unprepared will most likely stay behind through their educational experience. If children are to benefit, if our society is to prosper, then we must overcome the differences with a blending of ideas to create a policy that will help meet today's family needs and prepare young children to meet future challenges.

We thank you for the opportunity to address the committee. The efforts of the committee members and their concern for young children is to be applauded. Tackling the issue of establishing a national child care bill is a difficult task, but a belief in democracy provides us with the faith that through diversity unity can be achieved.

Mr. **Kildee**. Thank you, Ms. Zielke.

Our next witness is Mr. Douglas Besharov, resident scholar at the American Enterprise Institute.

STATEMENT OF DOUGLAS BESHAROV, RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE

Mr. **Besharov**. Mr. Kildee, Mr. Tauke, thank you for inviting me.

I pride myself on observing things. As I observe, each speaker takes less and less time, and I'll try to maintain this precedent.

Mr. **Kildee**. In politics I've learned that no one complains about a speech being too short. [Laughter.]

Mr. **Besharov**. That reinforces my desire, then, to move quickly.

In the materials that I've submitted to the committee, I included a study which we have recently completed on Federal child care costs. I'll just summarize the findings of that study briefly.

We looked at Federal expenditures over a 15 year period in child care. We found that those expenditures in the last 15 years have actually, adjusted for inflation, more than doubled. The unadjusted figures are from $1 billion to about $6.2 billion of expenditures, an actual increase of 127 percent.

Projected already enacted programs in the Federal budget will bring this figure in 1989 to $8 billion, a 24 percent increase from this year.

There are a broad range of Federal programs involved, but the most important lesson that we learned from looking at these numbers, and what I'd like to emphasize most to the committee in relation to the AEC bill is the relationship between Federal support for low-income families and Federal support for middle class families.

In these past 15 years, the after inflation increase of support for low-income families' child care was only 27 percent. The increase in funding for the middle class was 479 percent. There has been, as a result, a sharp reversal of beneficiaries of Federal child care assistance.

In 1972, nearly 80 percent of Federal expenditures went to low income families. This year it's about half, and the numbers, the percentages, the proportions, are declining rapidly.

My problem with the—let me direct your attention to the last page in my statement. One picture, I think, tells a thousand words.

There are three lines that you see there. The top one is total Federal expenditures. You see how they have started rising quite dramatically.

The middle line is expenditures for low income families. You see that they are about straight. There are no increases, and basically a 30 percent increase since 1972. As you watch the figure for expenditures for middle-class families, they are rising as fast as Federal expenditures.

Now, we've only taken this to 1989, the last year for which we feel there are real, firm projections. But you could carry these numbers out, and the situation looks worse and worse for low income families.

That, in a nutshell, is why I am so concerned about such bills as the ABC bill and its 115 percent of median family income cutoff. It ratifies this trend.

This means that funds will go to middle-class families and not low-income families. Now, Professor Kahn, who I respect greatly, in effect said no, trust us, trust the system.

I would say that figure one disproves that statement. I would say that the trend is set, and unless the Federal Congress asserts leadership on who gets these funds, the pressure on States and localities will be the same as the pressure on the Congress—to make this a middle class program.

Everyone knows what happens when a program like this is opened to both the middle class and low income family. It becomes a middle class program.

In conclusion, I would just like to say that in this time of Gramm-Rudman, when social programs for the disadvantaged are under such constraints, it ought to be the role of the Congress to target money to the families most in need. I use the word most—this is not to suggest that middle income families perhaps don't need assistance in this matter, or that there might not be some State program in the future. This is to say that the Federal Government's role—its historic role—has been to help the disadvantaged.

It's just a darn shame that we're not pursuing that traditional role.

Thank you, Mr. Chairman.

[The prepared statement of Douglas J. Besharov follows:]

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Statement of

Douglas J. Besharov*

Before the

Subcommittee on Human Resources
Committee on Education and Labor

April 21, 1988

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*Mr. Besharov is a resident scholar at the American Enterprise Institute for Public Policy Research.

The American Enterprise Institute is a nonpartisan, nonprofit, research and educational institution, which itself takes no position on public policy issues.

Thank you for inviting me to testify before you today. I will be discussing the results of a study that Paul Tramontozzi and I have just completed on the costs of federal child care assistance. I have submitted a copy of the full study with my testimony. This morning I will summarize its most important findings.

As Congress debates the various child care proposals before it, the conventional wisdom is that the federal role in child care ceased when President Nixon vetoed the Child Development Act of 1971, with interest in the issue being revived only recently. In the Washington Post, for example, Ellen Goodman wrote recently "From then on . . . the government was committed to neglect. Child care had all but disappeared from the federal agenda."[1]

Not so. Over the last 15 years, federal child care assistance has more than doubled. By our estimates, the costs of federal child care assistance--through income tax deductions and credits, child care and early education programs, and welfare and job training programs--rose from $1 billion in Fiscal 1972 to about $6.2 billion in Fiscal 1987. Accounting for inflation, that's a real increase of 127 percent. (See Table 2.) By 1989, expenditures will approach $8 billion, another 24 percent rise in just two years.

The federal government currently has a broad range of programs and subsidies that support child care, directly or indirectly. Perhaps these programs are not as substantial as child care advocates would like them to be, but they are substantial nevertheless, as Table 1 clearly illustrates.

Poor and lower-income families, however, have not been the main beneficiaries of this increased federal spending. During this period, spending on programs such as Head Start, the Child Care Food Program, Social Services (Title XX) block grants, and the child care associated with most federal welfare and job training programs rose from about $800 million to about $2.7 billion, which is only a 27 percent increase after inflation.

The other $3.5 billion in federal child care costs is attributable to the two income tax credits, the Child and Dependent Care Credit and the Employer-Provided Child Care or Dependent Services Credit.

The Child Care Credit dates back to 1954 when it was a limited deduction. After successive liberalizations of the deduction in the 1960s and early 1970s, Congress made it a credit in 1976. But the real increases in its cost have come only in the last fifteen years: from $224 million to $3.5 billion, an after-inflation jump of a whopping 479 percent. The 1989 cost is projected to be another $1.1 billion dollars higher, a 31 percent rise in just two years. CBO estimates show continuous increases into the early 1990s, with a cost approaching $5 billion by 1993.[2]

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[1] Goodman, E., "The Feds and the Kids . . .," The Washington Post (March 22, 1988), p.A25.

The Employer-Provided Child or Dependent Care Services Tax Credit is growing even faster--from $30 million in 1987 to a projected $150 million in 1989--a fivefold increase in only two years. Moreover, CBO projects that the costs of this credit will also continue to rise into the next decade, approaching $1 billion by 1993.[3]

Perhaps the child care issue has been off the "federal agenda" since 1972, but, behind the scenes, federal subsidies have more than doubled. This increase, however, came almost entirely in the area of tax credits which largely benefitted middle-class families--not low-income ones. Tax credits do not benefit poor or lower-income families who hardly pay taxes in the first place. In 1983, for example, less than one percent of tax credit benefits went to families with adjusted gross incomes below $10,000, and only 16 percent to families with adjusted gross incomes below $15,000.[4]

Thus, the last decade and a half has witnessed a sharp reversal in the beneficiaries of federal child care assistance. In 1972, nearly 80 percent of federal expenditures benefitted low-income families; now, about half do. (See Figure 1.)

My concern is that the major bills now before Congress--

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[2] U.S. Congress, Congressional Budget Office, The Effects of Tax Reform on Tax Expenditures (March 1988), p.48, Table A-1.

[3] Ibid.

[4] Steurle, E. and Wilson, P., "The Taxation of Poor and Lower-income Workers," Tax Notes (February 16, 1987), p.706. For 1985, the House Ways and Means Committee has reported that six percent of benefits went to persons with adjusted gross incomes below $10,000, though the distribution of benefits within $10,000-20,000 adjusted gross income class was substantially unchanged. U.S. House of Representatives, Committee on Ways and Means, Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1988 Edition (March 24, 1988), p.615.

Senator Dodd's Act For Better Child Care Services (ABC)[5] and Senator Hatch's Child Care Services Improvement Act[6]--would go a long way to ratify the trend toward greater middle class subsidies.

The ABC bill, for example, would provide support to families earning up to 115 percent of the median income.[7] Nationally, that would be about $34,000, but ABC sets eligibility by state median incomes, so that many states would have considerably higher caps: $39,530 in Illinois, $39,920 in the District of Columbia, $41,656 in California and $44,941 in Massachusetts, for example.[8] Moreover, the bill does not guarantee low-income families a minimum percentage of appropriated funds; it merely requires that state plans "give priority for services to children with the lowest family incomes."[9] The Hatch bill has no income cap.

Perhaps child care should be universal--available to *all* families, regardless of their income--like public schools. But that is an eventual question, as is the proper role of the federal government in establishing such a system. For now, in this era of Gramm-Rudman-Hollings, when programs for the disadvantaged are under the gun, it is simply wrong to funnel scarce federal dollars--in increasing amounts and proportions--to middle-class families who need them less. Priority should be given to families in greatest need.

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[5] S.1885, 100th Congress., 1st Sess. (1987).

[6] S.2084/H.R.4002, 100th Cong., 2nd Sess. (1988).

[7] S.1885, *supra* note 5 at sec.18.

[8] Congressional Research Service, cited in Henderson, K., "Federal Day-care Bills: 'You have to start somewhere'," *Christian Science Monitor* (January 21, 1988), p.23.

[9] S.1885, *supra* note 5 at sec. 7 (11)(B)(i).

TABLE 1: THE ESTIMATED COSTS OF FEDERAL CHILD CARE PROGRAMS AND TAX CREDITS: 1972-1989[a]
(Fiscal years, millions of dollars)

	1972	1980	1987	1988	1989
Tax Expenditures					
Child and Dependent Care Tax Credit[b]	$ 224	$ 956	$3,475	$3,920	$4,563
Employer-Provided Child or Dependent Care Services Tax Credit[c]	---	---	30	65	150
Non-profit Child Care Center Tax Exemption[d]	---	---	3	3	3
Child Care/Early Education					
Head Start	164	736	1,130	1,206	1,206
Child Care Food Program	11	216	531	582	848
Special Education and Rehabilitative Services--Preschool Grants	8	16	178	219	205
Dependent Care Planning and Development[e]	---	---	5	8	8
Special Milk Program[f]	---	---	4	4	4
Child Development Associate Scholarship Program[g]	---	---	1	1	1
Welfare and Job Training--Child Care Expenses					
Food Stamps[h]	---	16	50	50	50
Aid to Families with Dependent Children	80	60	44	44	44
Housing Assistance[i]	---	---	19	19	19
Work Incentive Program	57	115	17	8	---
Job Training Partnership Act[j]	---	---	8	8	8
Vocational Education	---	1	1	1	1
Student Financial Aid--Child Care Expenses[k]					
Pell Grants	---	---	---	65	65
Other Programs[l]	---	---	---	---	---
Social Services/Community Development Funding					
Social Services Block Grants (Title XX)	261	600	660	660	660
Community Development Block Grant[m]	---	---	30	35	35
Child Welfare Programs[n]	---	---	---	1+	1+
Area Economic and Resource Development Program[o]	---	11	---	---	---
TOTAL	$1,010+	$2,734+	$6,237+	$6,900+	$7,671+

Notes to Table 1

a. For reasons described at various points in the text, not all federal programs related to child care are included here.

b. Figure for 1972 is estimated revenue loss associated with Child and Dependent Care tax deduction for 1972 tax year. Child and Dependent Care Tax Credit was established in 1976.

c. Credit was not established until 1981.

d. Exemption took effect in 1984.

e. Program was not established until 1986.

f. Estimates for 1972 and 1980 are not available.

g. Program was not established until 1986.

h. Estimates for 1972 are not available.

i. Estimates for 1972 and 1980 are not available.

j. Program was not established until 1982.

k. Child care expenses first allowed in 1988.

l. For list of programs, see note 38; estimates for 1988 and 1989 are not available.

m. Established in 1975; estimates for 1980 are not available. Estimates for 1988 and 1989 include approriations from Housing and Community Development Grants (see note 45.

n. For list of programs, see note 36. Estimates for 1972 and 1980 are not available.

o. Estimate for 1972 is not available; estimates for 1987-1989 are less than $500,000.

TABLE 2: THE ESTIMATED COSTS OF FEDERAL CHILD CARE PROGRAMS AND TAX CREDITS: 1972-1987
(Fiscal years, millions of dollars)

	1972	1980	1987
Tax Expenditures			
current dollars	$ 224	$ 956	$3,508
(1987 dollars)	(605)	(1,310)	(3,508)
Child Care/Early Education	408 (1,102)	991 (1,358)	1,869 (1,869)
Welfare and Job Training--Child Care Expenses	117 (316)	212 (290)	135 (135)
Social Services/Community Development Funding	261 (705)	611 (837)	691 (691)
TOTAL	**$1,010** ($2,728)	**$2,770+** ($3,795+)	**$6,203+** ($6,203)

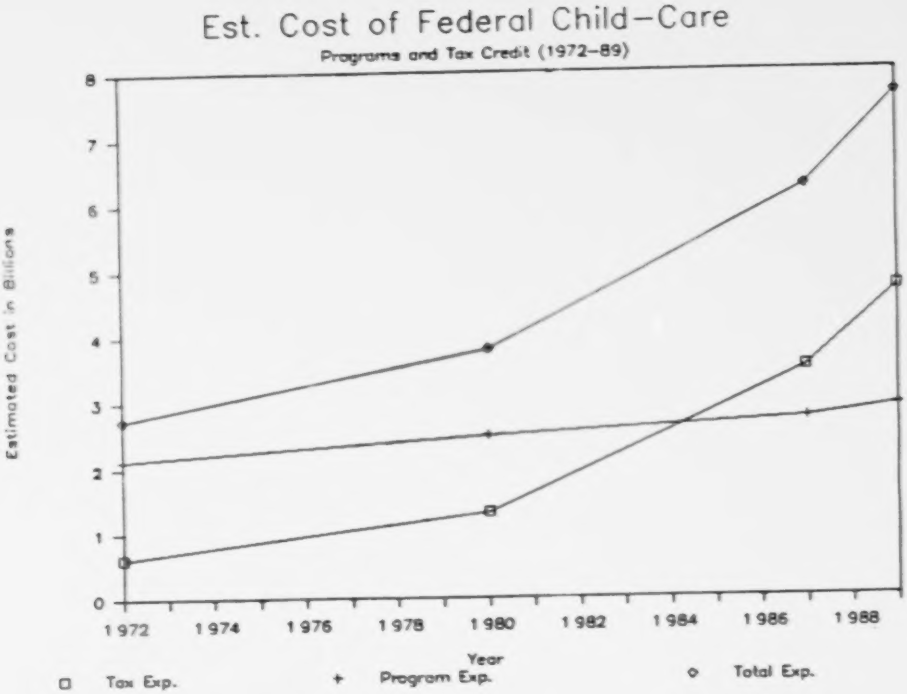
Est. Cost of Federal Child-Care
Programs and Tax Credit (1972-89)
Estimated Cost in Billions
0
1
2
3
4
5
6
7
8
1972
1974
1976
1978
1980
1982
1984
1986
1988
Year
□ Tax Exp.
+ Program Exp.
◇ Total Exp.

FIGURE 1

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THE COSTS OF FEDERAL CHILD CARE ASSISTANCE

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As Congress debates the various child care proposals before it, the conventional wisdom is that the federal role in child care ceased when President Nixon vetoed the Child Development Act of 1971, with interest in the issue being revived only recently. In the Washington Post, for example, Ellen Goodman wrote recently "From then on . . . the government was committed to neglect. Child care had all but disappeared from the federal agenda."[1]

Not so. Over the last 15 years, federal child care assistance has more than doubled. By our estimates, the costs of federal child care assistance--through income tax deductions and credits, child care and early education programs, and welfare and job training programs--rose from $1 billion in Fiscal 1972 to about $6.2 billion in Fiscal 1987. Accounting for inflation, that's a real increase of 127 percent. By 1989, expenditures will approach $8 billion, another 24 percent rise in just two years.

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[1] Goodman, E., "The Feds and the Kids . . .," The Washington Post (March 22, 1988), p.A25.

Tax Policy

The most significant child care subsidy is accomplished through three tax provisions. At nearly $3.5 billion in Fiscal 1987,[2] the largest of these is the Child and Dependent Care Tax Credit, which may be claimed by parents for eligible employment-related child and dependent care expenses.

Expenses up to a maximum of $2,400 for one dependent and $4,800 for two or more dependents are eligible. For taxpayers with incomes of $10,000 or less, the credit is 30 percent of qualified expenditures; the credit is then reduced by one percentage point for each $2,000 of income between $10,000 and $28,000. For taxpayers with incomes above $28,000, the credit is 20 percent of qualified expenditures.[3]

In 1985, approximately 8.4 million tax returns claimed $3.1 billion in child care credits, an average credit of $372. The House Ways and Means Committee has estimated that in 1988, a total of $4 billion in child care credits will be claimed on approximately 9.6 million returns, an average credit of $419.[4]

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[2] No direct funding is provided for this program. Figure is the estimated tax revenue loss associated with the credit. Executive Office of the President, Office of Management and Budget, *Special Analyses. Budget of the United States Government. Fiscal Year 1989* (1988), p.G-43 (hereinafter *Special Analyses. Budget of the United States Government. Fiscal Year 1989*).

[3] *Ibid*., p.G-29. See also U.S. House of Representatives, Committee on Ways and Means, *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1988 Edition* (March 24, 1988), p.614 (hereinafter *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1988 Edition*).

The lesser-known Employer-Provided Child or Dependent Care Services Tax Credit is intended to provide an incentive for employers to provide child care benefits to their employees. Enacted in 1981, it creates a tax shelter for up to $5,000 in child care expenses if the employer--rather than the parent--pays for, or provides, the child care.[5] The estimated revenue loss from this credit: $30 million in Fiscal 1987.[6]

The use--and therefore the budget cost--of both of these tax credits are expected to increase dramatically over the next two years. According to the estimates provided by the Office of Management and Budget, the cost of the Child and Dependent Care Credit is expected to rise to over $4.5

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[4] *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1988 Edition*, *supra* note 3 at p.615, Table 12.

[5] Stephan, S. and Schillmoeller, S., "Child Day Care: Selected Federal Programs" (April 7, 1987), Library of Congress, Congressional Research Service, p.CRS-14 (hereinafter "Child Day Care: Selected Federal Programs").

[6] *Special Analyses. Budget of the United States Government. Fiscal Year 1989*, *supra* note 2 at p.G-43. Other estimates are much higher. For instance, for Fiscal 1986, the Joint Committee on Taxation estimated a revenue loss of $110 million ("Child Day Care: Selected Federal Programs," *supra* note 5 at p.CRS-13). However, for the same year, OMB placed it at $40 million (Executive Office of the President, Office of Management and Budget, *Special Analyses. Budget of the United States Government. Fiscal Year 1988* (1987), p.G-44).

billion, a $1 billion or 24 percent increase.[7] For the same period, the cost of the Employer-provided Child or Dependent Care Tax Credit is expected to jump five-fold, totalling $150 million in Fiscal 1989.[8]

Another federal tax provision that supports child care is the exemption for non-profit child care centers. This provision exempts non-profit centers from paying income taxes, and enables them to receive tax-deductible contributions. The estimated annual revenue loss from this provision is almost $3 million.[9]

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[7] Special Analyses, supra note 2 at p.G-43. Estimates do vary. The House Ways and Means Committee anticipates the costs of this credit to rise to $3.5 billion by Fiscal 1989 (U.S. House of Representatives, Committee on Ways and Means, Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1987 Edition (March 6, 1987), p.588, Table 6) (hereinafter Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1987 Edition). The Congressional Budget Office's estimates are higher--$4 billion for Fiscal 1989 (U.S. Congress, Congressional Budget Office, The Effects of Tax Reform on Tax Expenditures (March 1988), p.48, Table A-1 (hereinafter The Effects of Tax Reform on Tax Expenditures).

[8] Special Analyses. Budget of the United States Government. Fiscal Year 1989, supra note 2 at p.G-43. Estimates vary. The House Ways and Means Committee has placed the expected revenue loss associated with the Employer-provided Child Care Tax Credit in Fiscal 1989 at $100 million (Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1987 Edition, supra note 7 at p.587, Table 5). A more recent estimate from the Congressional Budget Office puts it at $200 million (The Effects of Tax Reform on Tax Expenditures, supra note 7 at p.48, Table A-1).

[9] U.S. Department of Labor, Child Care. A Workforce Issue (1988), p.55 (hereinafter Child Care. A Workforce Issue).

Specific Child Care/Early Education Programs

Seven federal programs are devoted exclusively to child care, early education or related services, at an annual cost of about $1.9 billion. The largest of these programs is Head Start, which spends $1.1 billion per year on local preschool programs for low-income children.[10] Head Start serves about a half million children.[11]

The Child Care Food Program ($551 million)[12] and the Special Milk Program ($4 million),[13] provide milk, food and money to day care providers for an estimated 1.1 million low-income children daily.[14]

The Secretary of Labor's Task Force on child care has also identified the Summer Food Service Program for Children as a federal child care program, with annual expenditures totalling $160 million.[15] This program provides cash and commodities for schools and public or private non-profit residential camps serving low income children during the summer months. We have not included this in our estimates because it lacks a specific child care/early education component.

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[10] Executive Office of the President, Office of Management and Budget, Appendix. Budget of the United States Government. Fiscal Year 1989 (1988), p.I-K36 (hereinafter Appendix. Budget of the United States Government. Fiscal Year 1989).

[11] In Fiscal 1985, Head Start served 452,080 children. "Child Day Care: Selected Federal Programs," supra note 5 at p.CRS-8.

[12] Appendix. Budget of the United States Government. Fiscal Year 1989, supra note 10, at p.I-E81. For Fiscal 1988, the Secretary of Labor's Task Force on Child Care estimates outlays of $586 million (Child Care. A Workforce Issue, supra note 9 at p.19).

[13] Child Care. A Workforce Issue, supra note 9 at p.22. Other estimates are far lower. According to a Congressional Budget Office estimate based on unpublished Food and Nutrition Service data, expenditures are about $0.3 million.

[14] Figure for Fiscal 1986. "Child Day Care: Selected Federal Programs," supra note 5 at pp.20-21.

The Department of Education also supports preschool programs for handicapped children by providing states with about $178 million in grants under the Special Education and Rehabilitative Services program.[16] Due to the specialized needs of this program's beneficiaries, some observers are reluctant to characterize it as a child care program.[17] Nevertheless, the program is geared specifically to three to five year old children. Moreover, if such a limited view were adopted, Head Start would be a poverty program, and not a child care/early education one.

Another $11 million provides less direct support for child care programs. Under the Dependent Care Planning and Development Program, the Department of Health and Human Services (HHS) makes grants totalling up to $5 million per year to the states for child care services before and after school, and for the development of local child care information and referral services.[18]

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[15] Child Care. A Workforce Issue, supra note 9 at p.20.

[16] Appendix. Budget of the United States Government. Fiscal Year 1989 supra note 10 at p.I-I8.

[17] The program is not designated as a federal child care program, for example, by the Secretary of Labor's Task Force on child care.

Another $5 million in demonstration grants is available under Title II of the Children's Justice Act; these grants are intended help public and private agencies fund temporary, non-medical child care services to handicapped and terminally ill children, and crisis nurseries for abused and neglected children.[19] Because this is a crisis intervention program, and not ordinary, supervisory child care, we have not included it in our final estimates.

Through the Child Development Associate Scholarship Program, HHS makes up to $1 million in grants[20] to states for scholarships to needy candidates for the child development associate credential.[21]

The federal government also supports the private sector's provision of child care through the various credit programs of the Small Business Administration (SBA). In Fiscal 1988, the SBA is expected to provide about $19 million in various types of loans--direct, disaster and guaranteed--to providers of child care.[22] The SBA acts primarily as a guarantor--guaranteeing private loans to small businesses; about 98 percent of all child care loans were of this type. Because most loans are repaid, it is not possible to determine net costs to the SBA. Therefore, we have not included them in our final estimates.[23]

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[18] Appendix. Budget of the United States Government. Fiscal Year 1989, supra note 10, at p.I-K36, and "Child Day Care: Selected Federal Programs," supra note 5 at p.CRS-12. The Department of Labor reports expenditures of $8 million for Fiscal 1988 (Child Care. A Workforce Issue, supra note 9 at p.34).

[19] Appropriation for Fiscal 1988 is $4.8 million. See Stephan, S., "Child Day Care: Issues and Legislation in the 100th Congress" (March 22, 1988), Library of Congress, Congressional Research Service, p.CRS-14 (hereinafter "Child Day Care: Issues and Legislation in the 100th Congress").

[20] Appendix. Budget of the United States Government. Fiscal Year 1989 supra note 9 at p.I-K37.

[21] "Child Day Care: Selected Federal Programs," supra note 5 at p.CRS-25.

Welfare and Job Training--Child Care Expenses

The various federal welfare and job training programs are another major source of direct and indirect funding for child care services. In the welfare area, for instance, the two major federal programs--Aid to Families with Dependent Children (AFDC) and Food Stamps--subsidize child care indirectly by allowing recipients to deduct child care expenses from their income when determining eligibility. These policies, which are designed to encourage work and self-sufficiency, cost the federal government an estimated

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[22] Ibid., pp.49.

[23] Another $0.3 million in loans are expected to be made through the SBA's Small Business Investment Company (SBIC) Program. SBIC's are SBA-licensed private investment firms that borrow portions of their capital from the federal government at favorable rates. The Department of Labor reports that SBIC involvement with child care providers is growing rapidly (Ibid., p.50).

$89 million in Fiscal 1987.[24]

Similar child care deductions are also allowed under two federal housing assistance programs: (1) the Public and Indian Housing Program, and (2) the Section 8 Housing Programs, which provides rent vouchers to make private housing affordable for low-income families. Both programs deduct child care expenses from family income when determining participants' rent copayment. In Fiscal 1988, an estimated 210,000 families with 480,000 children are expected to deduct child care expenses, at a cost of $18 million.[25]

The Work Incentive Program (WIN) seeks to reduce welfare dependency by providing money to states to help AFDC recipients find and retain jobs. States are required to provide child care services to WIN participants who need them. In Fiscal 1987, these services cost the federal government an estimated $12.6 million.[26]

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[24] Estimated total cost of the Food Stamps child care deduction is $50 million. Congressional Budget Office, unpublished analysis of Food and Nutrition Service data (1988). See also Child Care. A Workforce Issue, *supra* note 9 at p.21.

Estimated total cost of the AFDC child care deduction is $44 million. Calculated by authors using the following data. Out of an average monthly caseload of 3.5 million AFDC families in Fiscal 1983, about one percent had child care expenses deducted from their earnings. The average monthly amount of child care expense deducted in Fiscal 1983 was about $96 ("Child Day Care: Selected Federal Programs," *supra* note 5 at p.CRS-16). Assuming program participation was essentially the same in Fiscal 1987, 38,000 families, or one percent of average monthly caseload for Fiscal 1987 (Appendix. Budget of the United States Government. Fiscal Year 1989, *supra* note 10 at p.I-K34) took an average annual deduction of $1,152. The Department of Labor provides an estimate of $40 million (Child Care. A Workforce Issue, *supra* note 9 at p.35).

[25] Child Care. A Workforce Issue, *supra* note 9 at p.42.

As part of its overall strategy for training economically disadvantaged individuals and dislocated workers, the federal government provides money to states for child care services and subsidies within broad-based employment programs. Local programs funded under the Job Training Partnership Act (JPTA) spend over $9 million for child care supportive services and subsidies.[27]

There are child care components in four JPTA-funded programs. Under Title II-A, which authorizes grants to states for job training for the economically disadvantaged, expenditures for child care--about $6 million--go to training program participants as child care workers, or to provide them with child care services.[28] Title IV authorizes funding for job placement programs geared specifically to farm workers; an estimated $3 million goes to child care expenditures.[29] The Job Corps (Title IV-B), which funds training for economically disadvantaged youths, spends about $0.3 million for child care.[30]

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[26] Estimate is 10 percent of $126 million, the Fiscal 1987 budget (Appendix. Budget of the United States Government. Fiscal Year 1989, supra note 9 at p.I-K35). Ten percent is the proportion of WIN's budget for Fiscal 1977 devoted to child care expenses. (U.S. Department of Health, Education and Welfare, Office of Human Development Services, Administration for Public Services, Administration for Children, Youth and Families, Social Services, U.S.A.: Statistical Tables, Summaries and Analyses of Services Under Social Security Act, Title XX, IV-B, and IV-A/C for the 50 States and District of Columbia (1977), p.30, figure 17, cited in U.S. Commission on Civil Rights, Child Care and Equal Opportunity for Women (June 1981), p.33.) We recognize that this is a very rough estimate, since WIN programs make use of other child care programs.

[27] Child Care. A Workforce Issue, supra note 9 at pp.44-47.

[28] Ibid., p.44.

To help displaced workers readjust to changing economic circumstances, the Dislocated Workers Program (Title III) provides them with employment and training services, as well as supportive services such as child care. Child care assistance, generally provided through reimbursement, estimated at $0.2 million.[31]

The Department of Education also supports child care through its Office of Vocational and Adult Education. Basic grants to the states permit them to spend on child care for participants in local vocational education programs. However, states devote only a fraction of these funds to child care—just over $1 million out of a total budget of around $800 million.[32]

A renewed emphasis on such job training programs were a major component of all major welfare reform proposals put forth in Congress in 1987, with special attention on the needs of female-headed families. If single mothers on welfare are to become self-sufficient, they will need to work; and if they are to work, someone will have to mind their children.

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[29] Ibid., p.46.

[30] Ibid., p.47.

[31] Ibid., p.45.

[32] Estimate based on an unpublished survey of state spending for 1985. Office of the Secretary, Department of Education. See also Child Care. A Workforce Issue, p.27.

In its original form, Representative Downey's "Family Welfare Reform Act of 1987," would reimburse mothers for their child care costs for up to six months after they get jobs and leave the welfare rolls. To qualify for reimbursement, though, child care would have to be licensed. In 1987, the Congressional Budget Office (CBO) estimated the costs of this provision alone to total $835 million over 5 years.[33]

It is important to note, however, that when the bill passed the House in November 1987, it included up to 12 months of transitional child care assistance for families who left welfare because of increased earnings. CBO estimates that this new provision would cost $550 million over five years.

CBO estimates that a similar transitional child care provision in Senator Moynihan's "Family Security Act of 1987" would cost about $75 million in its first year and rise to a level of about $115 million after the second year.[34]

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[33] The bill would also increase the amount of child care expense exemptions for AFDC and Food Stamps--at an annual cost of $4-6 million. Congressional Budget Office, "Estimated Cost to the Federal Government of H.R. 1720 as Amended" (June 17, 1987), p.3.

Rep. Michel's "AFDC Employment and Training Reorganization Act of 1987," a Republican alternative to Democratic welfare reform proposals, would provide funds to establish employment and training programs, including transitional child care and transportation assistance. To maximize the states' flexibility, however, the bill would let states decide how they should spend the money. As a result, specific CBO estimates on the costs of child care provisions are not available.[35]

Student Financial Aid—Child Care Expenses

A number of federal financial aid programs for students base the size of individual grants upon the cost of school attendance, which beginning in 1988, may include reasonable child care expenses.[36] Data on the costs of this new child care provision are not available for most of these programs, but estimates provided by the Department of Labor indicate that child care will add an estimated $65 million to total expenditures for the Pell Grants program, which provides grants for low-income students.[37]

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[34] The Moynihan bill would provide child care reimbursement for up to nine months after leaving welfare. Congressional Budget Office, "Estimated Cost to the Federal Government of Moynihan Bill" (preliminary)(July 14, 1987), p.2.

[35] In its first year, the costs of the overall employment and training program would be $234 million, rising to nearly $500 million by the fifth year. Congressional Budget Office, "The Estimated Costs to the Federal Government of H.R. 3200" (preliminary) (September 22, 1987), p.1.

[36] Programs include Pell Grants, Supplemental Education Opportunity Grants, Work-Study, the Perkins Loan Program, the Income-Contingent Loan Program, the State Student Incentive Program and the Guaranteed Student Loan Program. See Child Care. A Workforce Issue, supra note 9 at p.27 and p.29.

Social Services/Community Development Funding

Besides the programs described above, some portion of an additional $6 billion[38] in social services and child welfare grants and community development grants, is available for child care services. Unfortunately, the structure of these programs--block grants to the states--makes it difficult to determine with any degree of certainty just how much money is involved.

Consider the largest of these programs--the Social Services Block Grants (Title XX). In Fiscal 1987, over $2.7 billion[39] was given to the states to provide a full range of social services--at the states' discretion; there are no requirements as to how the states should apportion the money. To enhance further states' flexibility, there are also no detailed record-keeping requirements on how these funds are used, or whom they benefit. Thus, there is little data on how much Title XX money is spent by the states on child care.[40]

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[37] Ibid., p.27.

[38] Programs include Social Services Block Grants; Community Development Block Grants; Community Services Block Grants; and the Area Economic and Resource Development Program. Child welfare grant programs include Child Welfare Services; the Child Welfare Training Program; Indian Child Welfare Grants; and Child Welfare Research and Demonstration Projects. For a description of child care-related activities, see "Child Day Care: Selected Federal Programs," *supra* note 5 at pp.CRS-6-26. For budget information, see *Appendix. Budget of the United States Government. Fiscal Year 1989*, *supra* note 10 at pp.I-K35-37 and I-M22.

[39] *Appendix. Budget of the United States Government. Fiscal Year 1989*, *supra* note 10 at p.I-K36.

The Department of Labor reports that $660 million (24 percent) of Title XX spending supports child care.[41] From a recent survey of state child care spending, the Department of Health and Human Services estimated the combined state and federal spending on child care totals $1.1 billion per year.[42] Thus, assuming a standard two-thirds federal share, total federal spending could be as high as $726 million per year, or about 27 percent of total Title XX spending.[43]

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[40] Ultimately, the extent to which states pay for child care through Title XX--or any other federal block grant--is not terribly relevant. A state has a certain amount of money with which to pay for social services, with funds coming from federal, state and local sources. How a state chooses to allocate this money--and from what sources it funds particular activities--does not change the total amount of funds available for social services.

Like all money, Title XX funds are fungible, or interchangeable; if a state chooses to spend all of its federal money on child care, that doesn't necessarily mean that it's spending a lot of money on child care relative to other states. It does mean that the state would have to "charge off" all other social services to state and local sources--essentially an accounting decision.

[41] Child Care. A Workforce Issue, supra note 9 at p.31.

[42] Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services.

States and communities spend an estimated $30 million on child care using money from Community Development Block Grants (CDBG), which are designed to stimulate community development in low-to-moderate income communities.[44] CDGB funds may be used to construct new child care facilities, to rehabilitate existing facilities, or simply to provide child care services. The $30 million in child care expenditures represents about one percent of total CDBG spending. In 1987, Congress appropriated an additional $5 million in demonstration grants for child care programs within low-income public housing projects.[45]

Federal Employee Child Care Benefits

The federal government also supports child care by providing child care services to federal employees--civilian and military. The Department of Defense spends over $69 million annually to subsidize child care for the dependents of armed forces personnel. World-wide, about 412 military installations serve an estimated 90,000 children through 518 child care centers.[46] The General Services Administration also spends about $1 million a year on child care centers in federal work places.[47] Since these expenditures are more akin to employee benefits than to a generalized child care subsidy, they are not included in our final estimates.

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[43] Other estimates are lower. Kahn and Kamerman, for instance, put Title XX spending on child care for Fiscal 1986 at $387 million, or about 15 percent of total Title XX spending for that year. See Child Care: Facing the Hard Choices (Dover, MA: Auburn House Publishing Company, 1987), Table 1.8.

[44] Child Care. A Workforce Issue, *supra* note 9 at p.40. See also Appendix. Budget of the United States Government. Fiscal Year 1989, *supra* note 10 at pp.I-M21-22.

[45] "Child Day Care: Issues and Legislation in the 100th Congress," *supra* note 18 at pp.CRS-11-12.

* * *

The federal government currently has a broad range of programs and subsidies that support child care, directly or indirectly. Perhaps these programs are not as substantial as child care advocates would like them to be, but they are substantial nevertheless, as Table 1 clearly illustrates.

Moreover, federal support of child care has been expanded substantially since the early 1970s, with the costs of these programs and subsidies rising from about $1 billion in Fiscal 1972 to over $6.2 billion in Fiscal 1987. Accounting for inflation, that's a real increase of 127 percent. (See Table 2.)

Poor and lower-income families, however, have not been the main beneficiaries of this increased federal spending. During this period, spending on programs such as Head Start, the Child Care Food Program, Social Services (Title XX) block grants, and the child care associated with most federal welfare and job training programs rose from about $800 million to about $2.7 billion, which is only a 27 percent increase after inflation.

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[46] Ibid., p.25.

[47] Ibid., p.30.

The other $3.5 billion in federal child care costs is attributable to the two income tax credits, the Child and Dependent Care Credit and the Employer-Provided Child Care or Dependent Services Credit.

The Child Care Credit dates back to 1954 when it was a limited deduction. After successive liberalizations of the deduction in the 1960s and early 1970s, Congress made it a credit in 1976. But the real increases in its cost have come only in the last fifteen years: from $224 million to $3.5 billion, an after-inflation jump of a whopping 479 percent. The 1989 cost is projected to be another $1.1 billion dollars higher, a 31 percent rise in just two years. CBO estimates show continuous increases into the early 1990s, with a cost approaching $5 billion by 1993.[48]

The Employer-Provided Child or Dependent Care Services Tax Credit is growing even faster--from $30 million in 1987 to a projected $150 million in 1989--a fivefold increase in only two years. Moreover, CBO projects that the costs of this credit will also continue to rise into the next decade, approaching $1 billion by 1993.[49]

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[48] The Effects of Tax Reform on Tax Expenditures, supra note 7 at p.48, Table A-1.

Perhaps the child care issue has been off the "federal agenda" since 1972, but, behind the scenes, federal subsidies have more than doubled. This increase, however, came almost entirely in the area of tax credits which largely benefitted middle-class families--not low-income ones. Tax credits do not benefit poor or lower-income families who hardly pay taxes in the first place. In 1983, for example, less than one percent of tax credit benefits went to families with adjusted gross incomes below $10,000, and only 16 percent to families with adjusted gross incomes below $15,000.[50]

Thus, the last decade and a half has witnessed a sharp reversal in the beneficiaries of federal child care assistance. In 1972, nearly 80 percent of federal expenditures benefitted low-income families; now, about half do. (See Figure 1.)

My concern is that the major bills now before Congress--Senator Dodd's Act For Better Child Care Services (ABC)[51] and

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[49] *Ibid*.

[50] Steurle, E. and Wilson, P., "The Taxation of Poor and Lower-income Workers," *Tax Notes* (February 16, 1987), p.706. For 1985, the House Ways and Means Committee has reported that six percent of benefits went to persons with adjusted gross incomes below $10,000, though the distribution of benefits within $10,000-20,000 adjusted gross income class was substantially unchanged. (*Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1988 Edition*, *supra* note 3 at p.615).

[51] S.1885, 100th Congress., 1st Sess. (1987) (hereinafter S.1885).

Senator Hatch's Child Care Services Improvement Act[52]--would go a long way to ratify the trend toward greater middle class subsidies.

The ABC bill, for example, would support to families earning up to 115 percent of the median income.[53] Nationally, that would be about $34,000, but ABC sets eligibility by state median incomes, so that many states would have considerably higher caps: $39,530 in Illinois, $39,920 in the District of Columbia, $41,656 in California and $44,941 in Massachusetts, for example.[54] Moreover, the bill does not guarantee low-income families a minimum percentage of appropriated funds; it merely requires that state plans "give priority for services to children with the lowest family incomes."[55] The Hatch bill has no income cap.

Perhaps child care should be universal--available to all families, regardless of their income--like public schools. But that is an eventual question, as is the proper role of the federal government in establishing such a system. For now, in this era of Gramm-Rudman-Hollings, when programs for the disadvantaged are under the gun, it is simply wrong to funnel scarce federal dollars--in increasing amounts and proportions--to middle-class families who need them less. Priority should be given to families in greatest need.

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[52] S.2084/H.R.4002, 100th Cong., 2nd Sess. (1988).

[53] S.1885, supra note 37 at sec.18.

[54] Congressional Research Service, cited in Henderson, K., "Federal Day-care Bills: 'You have to start somewhere'," Christian Science Monitor (January 21, 1988), p.23.

[55] S.1885, supra note 37 at sec. 7 (11)(B)(i).

TABLE 1: THE ESTIMATED COSTS OF FEDERAL CHILD CARE PROGRAMS AND TAX CREDITS: 1972-1989[a]
(Fiscal years, millions of dollars)

	1972	1980	1987	1988	1989
Tax Expenditures					
Child and Dependent Care Tax Credit[b]	$ 224	$ 956	$3,475	$3,920	$4,565
Employer-Provided Child or Dependent Care Services Tax Credit[c]	---	---	30	65	150
Non-profit Child Care Center Tax Exemption[d]	---	---	3	3	3
Child Care/Early Education					
Head Start	369	736	1,130	1,206	1,206
Child Care Food Program	31	216	551	582	646
Special Education and Rehabilitative Services--Preschool Grants	8	39	178	219	205
Dependent Care Planning and Development[e]	---	---	5	8	8
Special Milk Program[f]	---	---	4	4	4
Child Development Associate Scholarship Program[g]	---	---	1	1	1
Welfare and Job Training--Child Care Expenses					
Food Stamps[h]	---	36	50	50	50
Aid to Families With Dependent Children	80	60	44	44	44
Housing Assistance[i]	---	---	18	18	18
Work Incentive Program	37	115	13	9	---
Job Training Partnership Act[j]	---	---	9	9	9
Vocational Education	---	1	1	1	1
Student Financial Aid--Child Care Expenses[k]					
Pell Grants	---	---	---	65	65
Other Programs[l]	---	---	---	---	---
Social Services/Community Development Funding					
Social Services Block Grants (Title XX)	261	600	660	660	660
Community Development Block Grant[m]	---	---	30	35	35
Child Welfare Programs[n]	---	---	---	1+	1+
Area Economic and Resource Development Program[o]	---	11	---	---	---
TOTAL	$1,010+	$2,734+	$6,237+	$6,900+	$7,671+

Notes to Table 1

a. For reasons described at various points in the text, not all federal programs related to child care are included here.

b. Figure for 1972 is estimated revenue loss associated with Child and Dependent Care tax deduction for 1972 tax year. Child and Dependent Care Tax Credit was established in 1976.

c. Credit was not established until 1981.

d. Exemption took effect in 1984.

e. Program was not established until 1986.

f. Estimates for 1972 and 1980 are not available.

g. Program was not established until 1986.

h. Estimates for 1972 are not available.

i. Estimates for 1972 and 1980 are not available.

j. Program was not established until 1982.

k. Child care expenses first allowed in 1988.

l. For list of programs, see note 38; estimates for 1988 and 1989 are not available.

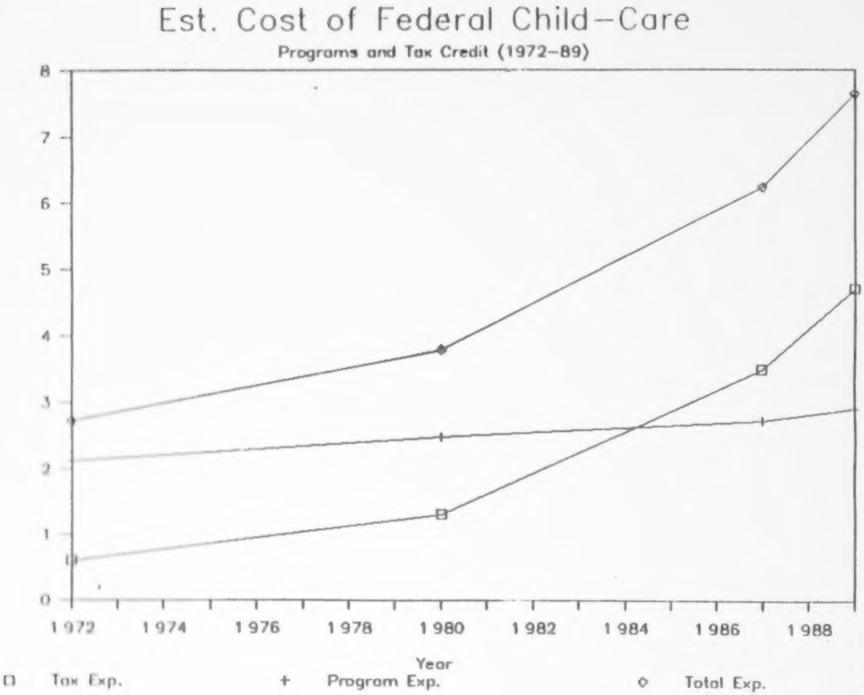
m. Established in 1975; estimates for 1980 are not available. Estimates for 1988 and 1989 include approriations from Housing and Community Development Grants (see note 45.

n. For list of programs, see note 36. Estimates for 1972 and 1980 are not available.

o. Estimate for 1972 is not available; estimates for 1987-1989 are less than $500,000.

TABLE 2: THE ESTIMATED COSTS OF FEDERAL CHILD CARE PROGRAMS AND TAX CREDITS: 1972-1987
(Fiscal years, millions of dollars)

	1972	1980	1987
Tax Expenditures current dollars (1987 dollars)	$ 224 (605)	$ 956 (1,310)	$3,508 (3,508)
Child Care/Early Education	408 (1,102)	991 (1,358)	1,869 (1,869)
Welfare and Job Training--Child Care Expenses	117 (316)	212 (290)	135 (135)
Social Services/Community Development Funding	261 (705)	611 (837)	691 (691)
TOTAL	**$1,010** ($2,728)	**$2,770+** ($3,795+)	**$6,203+** ($6,203)



Est. Cost of Federal Child-Care
Programs and Tax Credit (1972-89)
Estimated Cost in Billions
25
0
1
2
3
4
5
6
7
8
1972
1974
1976
1978
1980
1982
1984
1986
1988
Year
□ Tax Exp.
+ Program Exp.
◇ Total Exp.

FIGURE 1

Mr. Kildee. Thank you, Mr. Besharov.

Our last witness in this panel is Mrs. Phyllis Schlafly, president of the Eagle Forum.

Welcome, Mrs. Schlafly.

STATEMENT OF PHYLLIS SCHLAFLY, PRESIDENT, EAGLE FORUM

Mrs. Schlafly. Thank you, Mr. Chairman.

My name is Phyllis Schlafly, and I'm a lawyer, writer, mother of six, and grandmother of five, and the president of Eagle Forum.

I ask that my entire statement be printed in the record, and I'll shorten it here for the interest of time.

Mr. Kildee. Without objection, your prepared statement will be inserted in the record immediately following your oral statement.

Mrs. Schlafly. We opposed H.R. 3660, the Federal Babysitting Bill, because it massively discriminates first against mothers who take care of their own children, second against mothers who choose alternate child care by relatives, friends or neighbors, without regard to whether they are Government licensed, and third against families who choose religiously affiliated day care.

Let me say, Mr. Chairman, that I respect employed mothers. I grew up in a home where my mother was the principal breadwinner. But we are very fed up, really, with the steady stream of employed women and men who come before committees of Congress and appear on the media and treat full-time mothers in a way which is insulting or belittling or patronizing. Particular when this is as though they are no longer to be respected or considered in Federal or Governmental policies.

Some 54 percent of the children under age six have mothers in the home, not in the workforce. There are approximately 16 million full-time homemakers, and there are tens of millions of women who were full-time mothers, and after their children are grown, have gone into the labor force.

I just don't hear this group represented. These are the ones who have given really quality care to children, and who should be recognized as the real experts about quality care.

The real purpose of this bill seems to be to induce middle-class American parents to put their children in secular, custodial care from a very early age. To be eligible for benefits under the bill, the mother must be employed. She may not be a full-time homemaker. The day care facility must be Government licensed and regulated, the day care facility must be purged of all references to religion, and the staff must fulfill Government training requirements.

Why should the small percentage of families that choose this type of custodial warehousing for their children be rewarded with taxpayer paid benefits? This bill is so discriminatory that I don't understand how any Congressman running for office this year could possibly support it.

Sections 19 and 20 are among the most bigoted, anti-religious sections ever proposed in any legislation. Any facility where the children say "Thank you, God, for these cookies" would be automatically barred from benefits.

But it wouldn't help matters if sections 19 and 20 are deleted, because since the Grove City law was passed, any church based day care facility that even indirectly accepts one dollar of benefits would bring the church itself under Federal regulation.

I also feel that it would be discriminatory against the church based daycare because it would subsidize their secular competitors and induce members of the congregation not to use the church based day care.

We don't need a Federal administrator of babysitting to set regulations for child care. But if any regulations are to be proposed, they should prevent the hiring of caretakers who might have records of crime, drugs or contagious disease. Yet this bill is silent on this issue.

Attached to my testimony is a statement which quotes the most offensively discriminatory sections of H.R. 3660, and shows how they could be rewritten to make them acceptable to all families instead of just to the special interest segment of society which the bill benefits.

This is a positive approach to the Kildee bill.

The fairest and the most non-discriminatory and the most cost-efficient way for the Federal Government to help families pay the cost of child care is to allow families a tax credit on their income tax for each child. Providing funds for child care through tax credits, instead of by Federal grants, would mean that the parents would have 100 percent freedom of choice to select the child care options they want.

This would meet the tests presented here today by Secretary Bennett. It would also meet the test presented by the Chairman when he said that we should recognize different structures of the family and different needs.

A tax credit plan would recognize freedom of choice.

Now, if you would please look at the big print chart which was referred to earlier, you would see the contrast between the Kildee bill and the Holloway bill—how many children would be benefited? Probably at most, under 3660, some 700,000 children might be benefited. Under the Holloway, 20 million children under mandatory school age would be benefited.

How much would the annual cash benefits be per child? Under 3660, maybe $50 to $150. Under 3944, the Holloway bill, cash benefits would be between $150 and $400 per year, per child.

Now, who would get the cash? Under 3660, most of the cash would go to the bureaucracy and the day care centers and providers, many of whom are witnesses and financially interested in the passage of this bill. Under the Holloway bill, 100 percent of the funds would go directly to the family.

There seems to be a great resistance among some people to let families spend their own money for the child care of their choice. This is very hard to understand.

What kind of care would the children receive? Well, in order to get benefits under 3660, children would be forced to use Federally licensed, scrupulously secular institutions with Government trained staff. Under 3944, parents would have 100 percent freedom to choose any type of care—by mothers, by family members, by neighbors, by church, by commercial centers, or whatever.

Which families would get the benefits? Under 3660, it would discriminate, as the previous speaker said, in favor of employed mothers, and against full-time mothers, and particularly to families with higher income. It is the higher income families where the mother is employed. This is the group that seems to be demanding subsidies today.

Under 3944, the funds would benefit all families without discrimination, and the benefits would be weighted to advantage lower income families, because it would be tax-refundable at the lower levels.

Despite its discrimination and limited benefits to such a small number of people, 3660 would cost $2.5 billion on top of the current child care credit. But the 3944, the child care tax credit reform bill, would cost only $800 million on top of the current child care credit.

We urge you to reject all plans to give discriminatory Federal grants for day care, and to adopt a tax credit plan that is fair to all. American families deserve the right to spend their own money for the child care of their choice.

Thank you, Mr. Chairman.

[The prepared statement of Phyllis Schlafly follows:]

STATEMENT BY PHYLLIS SCHLAFLY
ON H.R. 3660
TO THE U.S. HOUSE EDUCATION AND LABOR COMMITTEE
SUBCOMMITTEE ON HUMAN RESOURCES
APRIL 21, 1988

My name is Phyllis Schlafly. I am a lawyer, writer, mother of six, and president of the conservative, pro-family volunteer organization called Eagle Forum, which has 80,000 members nationwide.

We oppose H.R. 3660, the Federal Baby Sitting Bill, because it massively discriminates (1) against mothers who take care of their own children, (2) against mothers who choose alternate child care by relatives, friends or neighbors without regard to whether they are government licensed, and (3) against families who choose religiously-affiliated day care.

We also oppose this bill because, instead of giving financial benefits to those who need it, it will build a new bureaucracy under a Federal Administrator of Baby Sitting in the Department of Health and Human Services. We oppose this bill because it will reduce both the affordability and the availability of day care without preventing the hiring of child caretakers who may have records of crime, drugs, or disease.

The real purpose of the bill appears to be to induce middle-class American parents to put their children in secular custodial care from a very early age. To be eligible for benefits under the bill, (1) the mother must be employed, she may not be a fulltime homemaker; (2) the day care facility must be government licensed and regulated; (3) the day care facility must be purged of all references to religion, and (4) the staff must fulfill government training requirements.

Why should the small percentage of families that choose this type of custodial warehousing for their children be rewarded with taxpayer-paid benefits? This bill is so discriminatory that it is hard to see how any Congressman running for office in 1988 could face his constituents if he supports it.

Sections 19 and 20 are among the most bigoted, anti-religious sections ever proposed in any legislation. Any facility where the children say "Thank you, God, for these cookies" would be automatically barred from benefits under the bill. Church-based day care is the type of day care most easily found at a reasonable price by low-income parents -- yet this bill would prohibit those parents from receiving benefits.

It would not help matters if the insulting Sections 19 and 20 are deleted because, since the Grove City Law was passed, any church-based day care facility that even indirectly accepts one dollar of benefit would bring the church itself under Federal regulation. Effectively, this means that the bill would be offering financial inducements to members of a congregation NOT to use their own church-based day care and to transfer their children to the Federal-style secular institutions that are advantaged under this bill.

We don't need a Federal Administrator of Baby Sitting to set Federal regulations for child care. But, if any regulations are to be proposed, they should prevent the hiring of caretakers who might have records of crime, drugs, or contagious disease. Yet, this bill is silent on this issue.

Attached to my testimony is a statement which quotes the most offensively discriminatory sections of H.R. 3660 and shows how they should be rewritten to make them acceptable to all families instead of just to the special-interest segment of society which the bill benefits.

This bill has nothing to do with helping the poor and needy. Welfare recipients are already provided with Federal day care subsidies to the tune of at least $2 billion a year. In order to get benefits under H.R. 3660, the mother must be employed!

This bill would create an entitlement for middle-class families with a median family income up to 115 percent of the median family income in each state. In Senator Chris Dodd's state, subsidies would go to two-earner couples with family incomes up to $46,779. In Congressman Kildee's state, subsidies would go to two-earner couples with family incomes up to $38,994.

But the median family income of traditional, two-parent, single-earner families who would be forced to pay taxes to finance this bill -- but would be prohibited from receiving benefits under it -- is only $25,803. What a ripoff! It is clear that this bill is designed to create an entitlement for yuppie, two-earner couples that would be denied to mothers who care for their own children.

This bill is the first step of the long-range plan of the child developmentalists who want to bring all children under government control. Their guru, Professor Edward Zigler of Yale University, has said that we need a child care program costing $75 to $100 billion a year! These are the types of people who boasted in the report of the 1970 White House Conference on Children that they want comprehensive child development and day care programs because: "Day care is a powerful institution. A day care program that ministers to a child from six months to six years of age has over 8,000 hours to teach him values, fears, beliefs, and behaviors."

The fairest, the most non-discriminatory, the most cost-efficient way for the Federal Government to help families pay the costs of child care is to allow families a tax credit on their income tax for each child. Providing funds for child care through tax credits -- instead of by Federal grants -- would mean that parents would have 100 percent freedom of choice to select the child care options they want.

Here is a chart which shows the enormous difference between the discriminatory H.R. 3660 and the Child Care Tax Credit Reform Bill, H.R. 3944.

How many children would be benefited? H.R. 3660 would benefit, at most, an estimated 700,000 children. H.R. 3944 would benefit all 20,000,000 children under mandatory school age.

How much would the annual cash benefits be per child? Under H.R. 3660, maybe $50 to $150. Under H.R. 3944, cash benefits would be between $150 and $400 a year per child.

Who would get the cash? Under H.R. 3660, most of the cash would go to the bureaucracy and the day care centers. Under H.R. 3944, 100 percent of the funds would go directly to families.

What kind of care would children receive? In order to get any benefits under H.R. 3660, children would be forced to use federally-licensed, scrupulously-secular institutions with government-trained staff. Under H.R. 3944, parents would have 100 percent freedom to choose any type of care -- by mothers, by family members, by neighbors, by church, or by commercial centers.

Which families would get the benefits? H.R. 3660 would discriminate in favor of employed mothers and against fulltime mothers, and the benefits would go mostly to families which have higher incomes because the mother is employed. Under H.R. 3944, the funds would benefit all families without discrimination, and the benefits would be weighted to advantage lower-income families.

Despite its discrimination and limited benefits to such a small number of people, H.R. 3660 would cost $2.5 billion on top of the current Child Care Credit. But H.R. 3944, the Child Care Tax Credit Reform Bill, would cost only $800 million on top of the current Child Care Credit.

We urge you to reject all plans to give discriminatory Federal grants for day care and to adopt a Tax Credit plan that is fair to all. American families deserve the right to spend their own money for the child care of their choice.

Dodd-Kildee Bill H.R. 3660, S. 1885	*compared to*	**Holloway Bill** H.R. 3944, S. 2187
estimated 700,000	*number of children benefited?*	20,000,000
estimated $50 to $150	*annual cash benefits per child?*	$150 to $400
bureaucracy and day care centers	*who gets the cash?*	100% to families
required to use: federally licensed centers, totally secular, government-trained staff	*what kind of care?*	100% freedom to choose care by mothers, family, neighbors, church, commercial
only families with employed mothers, mostly higher-income families	*which families get the benefits?*	all families, without discrimination, mostly lower-income families
$3.7 billion for current child care credit + 2.5 billion for Dodd-Kildee $6.2 billion, with growth every year	*what is the annual cost?*	$3.7 billion for current child care credit + 8 billion for Holloway reform $4.5 billion — no future increase

What's Wrong With the Dodd-Kildee Baby-Sitting Bill?

The left-hand columns of these pages contain excerpts from the 62-page Dodd-Kildee Bill which are discriminatory against mothers who care for their own children, discriminatory against families' freedom to choose the child care they want without government interference, or bureaucracy-building instead of benefit-giving.

SECTION 1. SHORT TITLE

(a) This Act may be cited as the "Act for Better Child Care Services of 1987."

SEC. 2 FINDINGS AND PURPOSE.

(a) Congress finds that —

(1) the number of children living in homes where both parents work, or living in homes with a single parent who works, has increased dramatically over the last decade;

(2) the availability of quality child care is critical to the self-sufficiency and independence of millions of American families, including the growing number of mothers with young children who work out of economic necessity;

(3) high quality child care programs can strengthen our society by providing young children with the foundation on which to learn the basic skills necessary to be productive workers;

(4) the years from birth to age 6 are critical years in the development of a young child;

(5) high quality early childhood development programs provided during the period referred to in paragraph (4) are cost effective because such programs can reduce the chances of juvenile delinquency, adolescent pregnancy and improve the likelihood that children will finish high school and become employed;

(6) the number of quality child care arrangements falls far short of the number required for children in need of child care services;

(7) the rapid growth of participation in the labor force by mothers of children under the age of 1 has resulted in a critical shortage of quality child care arrangements for infants and toddlers;

(8) the lack of available child care services results in many preschool and school-age children being left without adequate supervision for significant parts of the day;

(9) many working parents are unable to afford adequate child care services, and do not receive adequate financial assistance for such services from employers or public sources;

(10) a large number of parents are not able to work or to seek the training or education they need to become self sufficient because of the lack of affordable child care;

(11) making adequate child care services available for parents who are employed, seeking employment, or seeking to develop employment skills promotes and strengthens the well-being of families and the national economy;

(12) the exceptionally low salaries paid to child care workers contributes to an inordinately high rate of staff turnover in the child care field, makes it difficult to retain qualified staff, and adversely affects the quality of child care;

The right-hand columns of these pages give suggested language showing how the Dodd-Kildee Bill could be amended to make it non-discriminatory, and to give 100 percent of the available funding directly to families instead of most of it to building a bureaucracy that would control and dictate family decisions.

SECTION 1. SHORT TITLE.

(a) This Act may be cited as the "1988 Act for Family Child Care."

SEC. 2. FINDINGS AND PURPOSE.

(a) Congress finds that —

(1) the number of children living in homes without a fulltime mother, or without any father at all, has increased dramatically over the last decade;

(2) the availability of mother care is critical to the self-sufficiency and independence of millions of American families, and mothers should not be forced into the labor force out of economic necessity;

(3) high quality mother care can strengthen our society by providing young children with the foundation on which to learn the basic skills necessary to be productive workers;

(4) mother care is especially needed in the critical years in the development of a young child, from birth to age 6;

(5) high quality mother care during the period referred to in paragraph (4) is cost effective because fulltime mothers provide children with object constancy and personal care above and beyond what an employee would give; and such constant supervision can reduce the chances of juvenile delinquency, adolescent pregnancy and improve the likelihood that children will finish high school and become employed;

(6) experience shows that the overwhelming majority of mothers prefer to provide their children with mother care, and, if that is not possible, prefer care within the family unit or with a known neighbor in a nearby home, and only 12 percent of mothers place their children in day care that could be described as a "facility," an "institution," or a "center";

(7) the rapid growth of participation in the labor force by mothers of children under the age of 1 has resulted in a critical reduction in mother care needed by infants and toddlers;

(8) the economic crunch on mothers of small children results in many preschool and school-age children being left without adequate supervision for significant parts of the day;

(9) many mothers have been forced to seek employment in the labor force because taxes take such a large percentage of their family income, and because the current $2,000 tax exemption for dependents should be $6,000 if a child were to have the same relative value in the income tax code as did a child three decades ago;

(10) a large number of parents are not able to give their children fulltime mother care because of the heavier taxes they are forced to pay to finance the Child Care Tax Credit, a provision of the income tax law which discriminates against fulltime mothers but in favor of employed mothers, and against the less affluent but in favor of the more affluent.

Dodd-Kildee Bill Text (continued)

(b) PURPOSE. It is the purpose of this Act to —

(1) provide assistance to States to improve the quality of, and coordination among, child care programs, and to provide additional resources for child care services;

(2) promote the availability and diversity of quality child care services for all children and families who need such services;

(3) provide assistance to families whose financial resources are not sufficient enough to enable such families to pay the full costs of necessary child care services;

(4) strengthen the functioning of the family unit by seeking to ensure that parents are not forced by lack of available programs or financial resources to place a child in an unsafe or unhealthy child care facility or arrangement;

(5) increase the opportunities for attracting and retaining qualified staff in the field of child care to provide high quality child care to children;

(6) strengthen the competitiveness of the United States by providing young children with a sound early childhood development experience;

(7) lessen the chances that children will be left to fend for themselves for significant parts of the day; and

(8) improve the productivity of parents in the labor force by lessening the stresses related to the absence of adequate child care.

SEC. 3 DEFINITIONS.

(1) The term "Administrator" means the Administrator of Child Care as established in section 15(a).

(2) The term "child care certificate" means a certificate issued by the State that parents may use only as payment for child care services that meet the Federal, State, and local standards set forth in this Act.

(5) The term "eligible child" means —

(A) a child age 15 or under;

(B) whose family income does not exceed 115 percent of the State median income for a family of the same size; and

(C) who resides with a parent or parents who are working, seeking employment, or enrolled in a job training or other educational program.

(6) The term "eligible provider" means a child care center, family day care provider, group care provider, or other facility which meets the Federal, State and local standards set forth in this Act.

SEC. 18. NATIONAL ADVISORY COMMITTEE ON CHILD CARE STANDARDS.

(a) ESTABLISHMENT. —

(1) In order to improve the quality of child care the Secretary shall establish a National Advisory Committee on Child Care standards, the members of which shall be representatives of —

(A) different types of child care programs;

(B) resource and referral programs;

(C) child care and early childhood development specialists;

(D) early childhood education specialists;

(E) pediatric health care and related fields;

Suggested Language (continued)

(11) easing the economic strain on mothers so they can care for their own children promotes and strengthens the well-being of families and the national economy;

(12) the inordinately high rate of staff turnover in the institutional environment increases stranger anxiety and adversely affects the quality of child care, making it more urgent that mother care be encouraged so that children can enjoy object constancy of the mother as their primary caretaker.

(b) PURPOSE. It is the purpose of this Act to —

(1) provide assistance to families in order to make mother care of children economically feasible;

(2) make sure that Federal child care policy does not discriminate against mother care of children or in favor of commercial child care facilities at the expense of family care;

(3) provide assistance to families whose financial resources are not sufficient enough to enable such families to give fulltime care to their children;

(4) strengthen the functioning of the family unit by seeking to ensure that parents are not forced by lack of available financial resources to place children in the care of strangers rather than with their mother or other family members;

(5) increase the opportunities for attracting and encouraging mothers to provide high quality care to their own children;

(6) strengthen the competitiveness of the United States by providing young children with a sound early childhood development experience, which all research shows is best achieved in a loving home where the child enjoys object constancy with his mother;

(7) lessen the chances that children will be permanently impaired by having to suffer the stress and anxiety of maternal deprivation; and

(8) improve the capability of parents to give personal quality care to the children they have brought into the world.

SEC. 3 DEFINITIONS.

(1) There shall be no "Administrator of Child Care" or "Administrator of Baby Sitting" authorized in this Act.

(2) The term "child care certificate" means a certificate issued by the State to parents to use in their sole discretion for the care and nurturing of their own children. In no event shall any Federal, State or local regulations presume to tell parents how they shall care for their own children, or restrict parents to using such certificates only with agencies that are government licensed or with persons who are government certified.

(5) The term "eligible child" means —

(A) a child 15 or under;

(B) whose family income does not exceed 115 percent of the State median income for a family of the same size;

(C) who resides with a parent or parents, regardless of their employment status.

(6) The term "eligible provider" means a parent or guardian.

Dodd-Kildee Bill Text (continued)

(F) organizations representing child care employees;

(G) individuals who are experienced with regulating child care programs; and

(H) parents who have been actively involved in community child care programs.

(c) FUNCTIONS. The National Advisory Committee shall—

(1) review Federal policies with respect to child care services and such other data as the Committee may deem appropriate;

(2) not later than six months after the date of implementation of such policies, submit to the Secretary proposed minimum standards for child care programs (setting forth separate recommended provisions for center-based programs and for family day care programs and taking into account the different needs of infants, toddlers, preschool and schoolage children).

(d) MINIMUM CHILD CARE STANDARDS. The proposed minimum child care standards developed pursuant to subsection (c)(2) shall include—

(1) standards applicable to center-based programs including—

(A) group size limits in terms of the number of teachers and the number and ages of children;

(B) the maximum appropriate staff-child ratios;

(C) qualifications, training and background of child care personnel, including ongoing training requirements for such personnel (to supplement the provisions in section 14);

(D) health and safety requirements for children and caregivers; and

(E) parental involvement in and access to child care and development programs funded under this Act; and

(2) standards applicable to family day care including—

(A) the maximum number of children which define family day care;

(B) the total number of infants permitted in care;

(C) the minimum age for caregivers; and

(D) health and safety requirements for children and caregivers.

SEC. 19. PROHIBITION ON EXPENDITURE FOR CERTAIN PURPOSES.

(a) SECTARIAN PURPOSES OR ACTIVITIES.

(1) GENERAL RULE. No funds authorized by this Act shall be expended for sectarian purposes or activities.

(2) DEFINITION. For purposes of this subsection, the term "sectarian purposes or activities" means—

(A) any program or activity that has the purpose or effect of advancing or promoting a particular religion or religion generally; or

(B) with regard to child care services performed on the premises of a sectarian institution—

(i) any such services performed in any classroom or other room or space in which children are supervised unless all religious symbols and artifacts are covered or have been removed from such classroom or space; or

(ii) any such services performed by persons who are otherwise employed as teachers or teacher aides in a sectarian school of such an institution which provides full-time education services.

Suggested Language (continued)

SEC. 18. NATIONAL ADVISORY COMMITTEE ON CHILD CARE STANDARDS.

(a) ESTABLISHMENT. In order to improve the quality of child care, the President shall appoint a National Advisory Committee on Child Care, the majority of whose members shall be parents whose children are grown. Other members of the Committee shall include representatives of specialists in preschool child development and persons who have had experience in church-based and different kinds of non-church-based child care facilities.

(c) FUNCTIONS. The National Advisory Committee shall—

(1) review Federal policies with respect to equity of treatment of mothers, ascertaining how fulltime mothers are treated under current federal law as compared with employed mothers, especially in regard to—

(A) the Child Care Tax Credit,

(B) the Individual Retirement Accounts, and

(C) day care that is financed in whole or part by Federal funds.

(2) investigate how millions of fulltime mothers in low-income families manage to give full care to their children, and make this information available to the general public so that others can profit from this information and example.

(d) CHILD CARE STANDARDS. — Neither the National Advisory Committee nor any other Federal agency shall have any power under this law to establish, promulgate, or enforce standards of child care on parents or on any child care providers selected by parents except as follows:

(1) to mandate severe penalties for any rape or attempted rape of a child (ranging up to the death penalty if the rape results in a death), or for any sexual exploitation of a child, in any day care facility;

(2) to require day care facilities to ascertain that their workers do not have a criminal record and have not been involved in any previous child abuse;

(3) to require that day care workers be tested for communicable diseases, especially AIDS and CMV (which is a particular danger to pregnant women and their unborn babies).

SEC. 19 EXPENDITURE OF FUNDS FOR CERTAIN PURPOSES.

(1) Funds authorized by this Act shall be expended by parents for the care of their children as the parents, in their sole discretion, deem right and proper. Funds authorized by this Act may not be restricted from use by, or for—

(A) the mother herself;

(B) any family member whom the parent engages for child care;

(C) any other person whom the parent engages for child care, regardless of whether or not such person has received certain forms of government training;

(D) any religious church institution or facility that promotes a particular religion or religion generally, which the parent chooses for child care;

(E) any child care facility which establishes different practices or activities for girls and for boys.

Mr. KILDEE. Thank you, Mrs. Schlafly, for your testimony.

We're not going to agree on everything, but I always enjoy your testimony and your presence.

Mrs. SCHLAFLY. Thank you.

Mr. KILDEE. You did mention that you don't see how anyone currently running for Congress could support this bill. Well, there are 164 running for Congress who are supporting this bill, and they're pretty realistic men and women. They walk through real life pretty regularly.

I get back to my district at least every other weekend, and more frequently than that, as my wife reminds me. I find a real lack of not only resources for the individual mother for child care, but a real lack of structure for child care.

As I mentioned earlier, it's very difficult to find even poor quality child care for certain people, so we tried to address this bill—the 164 of us who have co-sponsored it and are up for election again—to address both those situations. There is the need for help in finding affordable quality child care and also in helping to build a structure for child care that is presently inadequate.

I encounter more problems on that, as I mentioned earlier, trying to help mothers get off the dole into a payroll job. That along with the Medicaid card are the two greatest deterrents.

Mrs. SCHLAFLY. Mr. Chairman, I just wonder if those Congressmen have faced up to the blatant discrimination in the bill.

How can we, as national policy, discriminate against mothers who take care of their own children, and give financial benefits to mothers who don't? That is a fundamental discrimination. I feel that the mothers of those 54 percent of the children under age six today, who are at great financial sacrifice taking care of their own children and getting along on a lower income level than those mothers who are in the employed labor force, deserve equal treatment.

This is a simple matter of equity. The mothers who are taking care of their own children have a median income of $25,000. But the mothers who are employed in the paid labor force in the two-earner families have got a median income of $38,000. I think you are hearing from them because they maybe are more vocal or more organized, or they are the customers of the day care providers who have ability on their tax paid salaries to lobby for more day care for those who have the higher incomes.

But the traditional families have the lower income, and they should not be subject to the discrimination in this bill. I think it's a simple matter of equity. Mothers who take care of their own children should be recognized and honored as giving quality day care to their children. They should not be discriminated against and penalized by being required to subsidize others.

Mr. KILDEE. We try always, always to pursue equity. I think this is in pursuit of equity.

You know, again, I do have to walk regularly through that real world. I still live in the same neighborhood, in the same house that my parents purchased back in 1935. I attend the same church that I was baptized in. I walk among the same people there. I recognize that there is a vast shortage child care itself for those mothers who are working. Most of them work in order to supply the basic needs of their children. In addition to this, if child care is available, many of those mothers cannot afford it.

I always tell people that Emmanuel Kant wrote two books. He wrote his Critique of Pure Reason, which did not answer all the questions, and then he wrote his Critique of Practical Reason.

Those of us who put our names up for election every two years really do have to read more often not from the Critique of Pure Reason, but we have to pull off the shelf that Critique of Practical Reason.

That's pushed in front of me regularly when I go back home and see the reality, not the statistics but the reality, of people who do need help. They need both immediate help so they can purchase and get that child care, and they need to find a system. It's not there right now, and that's what we're trying to address.

Mrs. SCHLAFLY. Well, Mr. Chairman, if you're looking for reality, why don't you have any representatives from among the 16 million full time homemakers in this country today?

It appears to me that the people who are pushing this bill don't want to hear from them. We are constantly told that they don't exist, they're an anachronism from another age. They're obsolete.

There is nobody representing that group here. That is reality. And also, I realize and respect your sincerity in approaching this. But let me point out how offensive the semantics are in talking about working mothers and mothers who have to work.

I don't know any mothers who don't work. We very much resent having the full time mothers being put in the category of so-called non-working mothers. Let us use the proper term employed mothers and full-time mother.

Mr. KILDEE. Well, when the Secretary was here, he used this term. But I appreciate being resensitized on that.

Other questions here.

Mrs. Zielke, do you feel that the ABC bill adequately addresses the role of parents in this provision of child care?

Ms. ZIELKE. Well, we know there are many children who are receiving the care and the training at home to prepare them to go on to school. But there are those parents by need and necessity have had to choose outside employment. They want to give the same care and preparation to their children.

Unless there are adequate child care provisions available to them, they won't be able to do that. We see the ABC bill as providing the opportunity for them.

I think that parents are looking for the assurances that the licensing and the regulatory requirements will provide the opportunity and the planning for them to be involved in the monitoring and evaluation of the programs, and certainly the assistance with the cost of child care.

I think we—this all lends itself to removing some of the stresses and anxieties within families today, to be sure that their children are being cared for.

Mr. KILDEE. Dr. Kahn, you used the term infrastructure in your testimony also. Could you tell us what you mean by that child care infrastructure? How do you think that bill would help build that infrastructure?

Mr. KAHN. First, I'd like to say that a lot of emphasis has been placed on the word choice. If there's no supply out there, and no way for people to become aware of the supply, you don't have choice.

The infrastructure has to do with information, referrals, lists, places that are advertised as responsible, local committees to which parents can express opinions, places to report things that one sees that are questionable, places to report alleged shortages that can be evaluated by citizens' committees and State committees, and so on.

This would have a State mechanism to look at the full State commitment to child care, see how it could be put together more efficiently. Are there ways to cut costs, to share costs, to share resources, to share purchasing, transportation, etc.

This is what it takes, really, to make an institution operate. The bill allows the State some administrative money to help do this. It requires that there be committees to look at some of these issues and take initiative on the issue of regulation. It also requires that there be a staff that can go out there and see the conditions under which children are being kept and cared for.

Similarly, it requires some capacity of the Federal Government to collect data, disseminate data, and help States share experiences with one another, etc.

I'd like to say, Mr. Chairman, that one of the things that struck me—I cut this out of my testimony to save time, but I'd like to say it—was in our National study. We found that although the Federal Government has not been active in this field for a long, long time, there's been an enormous amount of initiative in local communities, churches, settlement houses, and in States.

We've heard from one of the members of a task force, we've heard from the Lieutenant Governor of one State.

Almost every State has had participation, activities, etc, and what is evolving is a pattern which has come out of experience.

The ABC bill, building on sliding fees, information referral, and State committees, is simply building on what has been invented by the American people.

A number of people have thrown out the word bureaucracy. These things have not been invented by the bureaucracy, because there isn't any around doing this work. These things have been invented by committees of citizens who then ask their local Governments and States to create structures to get this thing moving.

Now, what you're being asked to do is to let that go one step further with further Federal help, and fill in the gap in participation in this area.

I would certainly join with Mrs. Schlafly in one point. I would not think that one would want to rule out access to these resources by mothers who choose to spend most of the day at home. It seems to me that's the type of choice that parents make, and it looks very much as though once the kids are two and a half, the mothers choose some kind of group experience, if they can get access to it and afford it.

Mr. KILDEE. Yes, Mr. Besharov?

Mr. BESHAROV. I would like to, I guess, in part disagree with Professor Kahn. This is really not meant to be hostile.

But it does seem to me that this bill has an inherent internal inconsistency when it comes to infrastructure, and that is about the religious provisions and the Grove City bill in general.

I think the latest number that I've seen is that 25,000 churches have child care facilities in them.

Mr. **Kahn**. Most of them aren't being run by the churches themselves—they're community groups, private groups, even profit-making groups. The buildings are simply used.

Mr. **Besharov**. Well, I don't want to get into most and many and so forth.

This is a difficult problem, and I think that on this issue the committee—the minority and the majority—are working very hard on. I just say as a friendly observer that it's a real can of worms.

When you're talking about building infrastructure, right now we're talking about a 200 pound Federal gorilla about to come in on this issue. None of us know the impact of the Grove City provisions.

The Supreme Court decision that triggered it involved a student loan to the student—if I remember correctly—and no money flowing directly to the college. Even if we went all the way to a voucher program, with no money flowing directly to centers, we might still face this problem of the Grove City provisions.

I say this knowing that you are spending vast amounts of time trying to clarify this. On this issue, I would encourage you to do so. If we are worried about infrastructure, we have a vast array of providers, if they're only providing a roof to the child care center, who should not be excluded from this project in the future.

Mr. **Kildee**. Well, we recognize that part of that infrastructure exists already, and we want to be sensitive to that. We're dealing with it, and I think we're approaching some language that will enable us to utilize and continue to utilize those forms of child care. The attorneys working on it both within the Congress and outside the Congress feel that a solution can be found even in light of Grove City.

That's certainly one of my high priorities. I think that all who work with me on this know that it's one of my higher priorities. I keep charging people with coming up with a solution, and we are working with people in good faith on that solution.

Let me ask you a question, Mr. Besharov.

You mention that we have a trend of helping the middle class, and that this bill will help more the middle class more. You know, it's 115 percent of the Statewide median wage, but it's a sliding scale. By having a sliding scale, the further people are below that, the more they would be able to receive. We also indicate that priority be given to lower income people.

We recognize that, and that's why we put that sliding scale in there. It's not just that everyone who is at 115 and below get the same. Those who are at 115 would get a smaller amount, and those below would get more. We're trying to ameliorate rather than exacerbate that situation.

Mr. **Besharov**. I don't think it will work.

Mr. **Kildee**. Well, we think that it will.

We're working on it, and we'll fine tune it. We'd be glad to work on it with you.

One thing that I've learned in my 24 years of legislation is to welcome input from all sources, particularly those who can work with figures in this.

We've had other experts, too, but we'd be glad of your expertise and showing that the sliding scale will help to ameliorate, rather than exacerbate, the trend that you see taking place.

Mr. **Besharov**. I think the problem that you face with the sliding scale is twofold.

First, the same political pressures that here in Washington lead to the 115 percent cutoff will apply on the State and local levels.

Second, unless it is a total or very substantial subsidy of low income participants, they won't choose to participate in the above-ground surface structure. They'll be able to purchase child care still in the private economy for less than it would cost them in the public.

I'd be delighted to work with staff on this question. It's fairly complicated, raises costs enormously on the low end, and pretty well drives money up into the upper end. I'd be delighted to work on that kind of a formula. But I do believe in the absence of that kind of careful leadership in Washington, you will see this program become what every other program has become, and what we're so worried about cutting back: a middle class entitlement.

Mr. **Kildee**. Well, I think that you admit that the sliding scale principle is one that does, at least in principle, tend to ameliorate this. I'm not going to swear that this sliding scale is that well adjusted, but we certainly would, on both sides of the aisle, welcome input on making sure that we do try to ameliorate rather than exacerbate. That's certainly the intention.

Dr. Kahn.

Mr. **Kahn**. I think that Mr. Besharov—for whom I have great respect, and whose comments I appreciated before—would be reassured if he would look at the way the States are spending their money on child care, and the use of sliding scales.

They're not giving it away to the middle class, they're using it very, very carefully as needed. At least, I hope that when you join the staff in those discussions, that data would be part of that discussion as well.

Mr. **Besharov**. I hate to—this is a crucial issue in the bill. I think it's worth a little time.

One of the constraints I read on State activities is that the States are largely drawing on Title XX type monies—block grant funds, which have been available now for more than 15 years, originally with an income cap. This was a very strict one, by the way, at or near the poverty line, if I remember correctly.

Those services, which were provided in the past and which funded pre-existing, or which now fund existing, established programs, are clearly oriented towards low-income families.

Since there has not been a real increase in Title 20 funding, the overall—those that have money don't lose it—has been operative in why that money still goes to low income families.

New money would not be subject to the rule. Existing providers get covered first. The new money would be more wide open. It would be available. I just mention this.

Mr. **Kahn**. Again, I think you have to look at experience.

A number of States have put a lot of money into sliding fees, and they'll be the ones administering this program. I think this is an issue that the committee wants to look at seriously.

Mr. **Besharov**. Fair enough.

Mr. **Kildee**. Mr. Tauke.

Mr. **Tauke**. Thank you, Mr. Chairman.

Mr. Besharov, pursuing this issue just a moment.

My understanding is that at the current time, a family with $40,000 income, where they spend $3,000 a year on child care, would get a Federal tax credit. Is that correct?

Mr. **Besharov**. That's correct.

Mr. **Tauke**. And what amount of tax credit would such a family be able to receive?

Mr. **Besharov**. I'll defer on that.

I think that the average tax credit claimed last year was something in the neighborhood of $450. It was $470, I'm told.

My guess—and I'm just guessing, since I never try to repeat numbers that I don't have in front of me—would be that that family is going up to the maximum.

Mr. **Tauke**. They could get up to $480, that particular family, per child. So if they had two children, they could get $960, as I understand it, in tax credit.

So, at the current time, that family is living in Massachusetts and would also be eligible for that $960 in tax credits under the ABC bill, and would also be eligible for additional assistance, is that correct?

Mr. **Besharov**. That's correct.

Mr. **Tauke**. Under the bill, a family with an income in Massachusetts with an income up to $44,941 this year would be eligible.

Mr. **Besharov**. Yes, sir.

Mr. **Tauke**. Now, if I understand your point correctly, your point is that we might have a family with $15,000 of income who doesn't receive that kind of tax assistance. The family, let's say, in this case both parents are working, with $15,000 of income.

Even if they receive some assistance through the tax credit, which would be a relatively small amount in the neighborhood of $600, and if they receive another $400 or $500 out of the ABC bill, out of the $2 billion that would be available for this kind of thing—then they perhaps would have $1,100 or $1,200 to work with. That wouldn't be enough to get them into the normal child care center that the family with the $40,000 of income would be using.

Is that an accurate assessment?

Mr. **Besharov**. Yes.

Let me try to say this in another way, and I don't know whether Professor Kahn would agree on this.

Mr. **Tauke**. Well, I'm asking you now.

Mr. **Besharov**. Yes. [Laughter.]

Well, watch my flanks.

The Census Bureau tells us—and by the way, I think we've had some pretty good numbers—that the average child care cost, depending on how you read the numbers, is about $1,200 a year. Let's use that as a number for a second.

Mr. **Tauke**. Could you repeat that? It's $1,200 a year?

Mr. **Besharov**. Yes, $1,200 a year.

Mr. **Tauke**. We keep hearing $3,000 a year.

Mr. **Besharov**. Let me get to that.

We have, I think, fairly good evidence that center-based care does cost $3,000 or maybe $5,000 a year. Let's assume the lower number, the $3,000 figure, because it's the least favorable to my argument.

We have someone at the $15,000 a year level. That person, at the $15,000 or $20,000 a year level, is presumably using family based or home based child care, paying $1,200 a year or less, if the census numbers are reliable.

To go into the center based system, that same person would have to spend $3,000 a year. I would say to you that the Federal subsidy to make that decision worthwhile would have to be $1,800 at least for that one family. I don't expect the sliding scales to be that rich at the bottom and that lean at the top.

If that were the possibility, if that were politically possible, with all due respect, this committee and this Congress would have a lower cap on eligible income as well.

Mr. **Tauke**. So the bottom line is that the usage of the kinds of centers that would receive support under this bill would be among the higher income level people? That's why you think that most of the money would continue to flow toward the middle income, rather than the low income individual.

Now, using the point that Mrs. Schlafly has made, suppose we take that same circumstance in a family where the father has that $15,000 a year job, or perhaps the mother has the $15,000 a year job, and the other parent decides to stay home. They have two children. They won't get the $1,200 or so in tax credit that they would get if both parents were working? Is that correct?

Mr. **Besharov**. That's right.

Mr. **Tauke**. In addition, they won't be eligible for any benefits under the ABC bill, right?

Mr. **Besharov**. That's correct.

Mr. **Tauke**. And they will have to pay taxes in order to fund that ABC bill, is that correct?

Mr. **Besharov**. Yes, sir.

Mr. **Tauke**. Now, is that—I will ask this of all the panelists—appropriate, for the Federal Government to have a policy which says to the family with $15,000 of income and one parent working, that they should forego this kind of assistance plus pay taxes in order to provide the family with $40,000 of income in Massachusetts not only the tax credit but the additional assistance for which they would be eligible under the ABC bill?

I'd prefer to start with you.

Mrs. Zielke?

Ms. **Zielke**. Well, I guess when you get down to those sorts of particulars, you have to look closer at it. But our needs are there for child care. We have to address that first.

Mr. **Tauke**. On that we would have no area of disagreement. I think that's very clear.

Ms. **Zielke**. Well, I'm not going to be in a position to answer yes or no at this time. I think that we would have to look at this a little bit closer than that. You've cited an interesting case.

Mr. **Tauke**. Perhaps, if you would feel more comfortable doing this, you could submit testimony in writing to the committee in response to that.

Ms. **Zielke**. Yes, thank you.

Mr. **Kahn**. Mr. Tauke, you won't find me opposing anything you want to do to help poor people, whether the mother is at home or not, or to give her better advantage of a tax credit which she can't draw because her income is too low.

But I don't accept the principle that if we don't tax each other at all satisfactory levels of income in this country, whether for defense or education or whatever. We have people without children who pay for schools, and they're low earners also. We have people without children who pay for the Public Health Service, even though they're healthy themselves.

It's the nature of a National community that we share. If we have a fair tax system, it's a progressive one, so that we share in accordance with what we can afford, and we use what we need.

You and Mrs. Schlafly and the Secretary will find me in strong support of child allowances, tax credits on behalf of families, incentives to help people work part-time when their children are young, giving them options, and so on.

But none of that is an option against giving us a decent child care system, which we desperately need in this country.

Mr. **Tauke**. Mrs. Schlafly?

Mrs. **Schlafly**. I think the situation you've described shows the blatant and grievous discrimination of any system of Federal grants or subsidies which go to employed mothers which are denied to mothers who take care of their own children.

It is not any unusual circumstance that you mentioned. There are 16 million of those types of families in this country, and their median income is only $25,000.

We are being called upon—they are being called upon—to subsidize the higher income families, which qualify simply because the mother has taken a job in the workforce.

Mr. **Tauke**. Let me change the circumstance just a bit.

Suppose we aren't talking about two families in Iowa, both with $20,000 of income. A lot of these people would be friends of mine.

In one case the family decides that the father is going to be the sole breadwinner, or perhaps the mother will, and the other parent would stay home. They will get by on $20,000 of income, get no tax credit for care of their two children, and no other assistance.

The other family says no, we will have two incomes for the family. Therefore, we will boost our income to $32,000, assuming that the other spouse gets $12,000. Now, in addition to that additional income of $12,000, they will receive approximately $1,000 in tax credits because the other parent decided to go to work. They would also be eligible for additional assistance under this bill.

Now, do you think it's fair for the Federal Government to provide that additional benefit to the family who decides to have that second parent work, when there is nothing provided to the family who decides that the second parent ought to stay home?

Mrs. **Schlafly**. No, I think it's terribly——

Mr. **Tauke**. Let me just go though the panel.

Mrs. **Schlafly**. All right.

Mr. **Tauke**. Would you feel comfortable answering that, or would you prefer——

Ms. **Zielke**. Would you repeat that? I was slightly distracted.

I'm sorry. [Laughter.]

Mr. **Tauke**. Two families in which one spouse earns $20,000 in Iowa. One family says that the second spouse will stay home and take care of the two children. In the other, the second spouse decides to go to work. The second family now has income of $32,000. The second family also under current Federal law will receive a tax credit in the neighborhood of $1,000 which the first family will not receive because the first parent decided to stay at home.

Then, under this bill, the second family will also be eligible for additional assistance.

Is it good Federal policy for us to say to that second family that because you made a decision that the second parent will work, we will provide these extra benefits. We then say to the first family, because you made that decision for the second parent not to work, you'll get no benefits. You deny yourself those benefits.

Ms. **Zielke**. Mr. Tauke, I recognize that we will never be able to propose and develop the perfect program.

I happen to be a person who traditionally stayed home with my children. I haven't been employed in my adult years. That has been my choice. I would prefer to see the needs of children being met, if indeed it meant a sacrifice and I was paying more taxes for that.

I really don't like to see children hurting, and that's my commitment. Now, you can devise all kinds of taxing programs and costs and raise them to me, but they wash, really. I don't think we're ever going to find a fair system of doing it. We're all going to have to pay for it in some way.

Mr. **Tauke**. With all due respect, I reject that notion that there isn't a fair system. That's like suggesting that when it comes to Social Security, Medicare, and a variety of other systems, that we should throw up our hands at the thought of fairness and equity, since we can't reach that.

My own observation is that it's very difficult to justify some of the results that come out of this particular proposal.

Ms. **Zielke**. I guess as I observe the process of Government engaging at this point, I realize that efforts are being made to try to be as fair and equitable as possible. But I guess I'm accepting the fact that there just won't be that perfect way.

I appreciate the process that we have to go through. I don't understand the intricacies of it. I just have to say that to you.

I know that there are those of us who are willing to make that sacrifice. There are 6 million members who do represent parents who stay home and raise their children. Many of them do. But we also have without our membership those who are working parents—both two working parents and single parents. This is a position that we have come to as a delegate body.

Mr. **Tauke**. I appreciate that, and that's contained in your testimony.

If you would care to answer the question in writing, I would appreciate that too.

I just want to move it along.

Ms. **Zielke**. All right.

Mr. **Tauke**. Mr. Kahn.

Mr. **Kahn**. Mr. Tauke, I appreciate the introduction of the equity issue. I think it's legitimate.

And I like the questions with which you rounded out your opening statement. I think those are critical questions that you've put before the group.

I basically believe that a modern society provides a core infrastructure of citizens that citizens, families and children need. That includes elementary school, child care, libraries, parks—we all pay for it through a fair, sliding scale income tax. If the tax isn't fair, we improve the tax system.

If the mother doesn't use the library, she pays for it anyway in her taxes. If she doesn't use the parks and the beaches, she pays for it also.

A humane modern society needs certain things. What I tried to say in my testimony at the beginning—I didn't read it all—was that I think we're at the point where a modern society needs child care, given the picture of how people spend their time, and the choices that some of them make.

As long as the tax system is fair, it's fair to use the tax system to pay for it.

Mr. **Tauke**. Well, I've gotten the point that you favor an infrastructure.

But what I'm trying to get at—don't you think there's some inequity, Doctor, in the way in which we have this tax structure working now? Can't I get you to at least acknowledge that there's an inequity in the tax credit?

Mr. **Kahn**. There's an inequity in any instance in which some citizens don't use resources made available to them.

I didn't write the specifications of the Child Care Tax Credit.

Mr. **Tauke**. I'm not blaming you for it.

Mr. **Kahn**. It accounts for $4 billion of the $8.9 billion that Mr. Besharov was talking about. It is the largest expenditure in child care, and I complained about it in my recent book on child care. There's no question about it.

The way to make it equitable, then, is to make it refundable for low income people and give them a shot at it also. There are solutions to such inequities.

Mr. **Tauke**. That's a good idea, and one which has support.

Mrs. Schlafly.

Mrs. **Schlafly**. Congressman, I think that the illustration that you've given shows the grievous unfairness and discrimination, not only of the current child care credit in the law, but also of this new layer of assistance to a particular type of family which is proposed to be layered on top of the already existing discrimination against the traditional families.

Now, Dr. Kahn says that we all pay for schools, even though we may not use them, and we pay for parks and libraries and so forth. There is a consensus in this country that at the age of about six or seven, children should be given an education.

There is a consensus that we need to have a public library, and some of these other things. But believe me, there is no consensus in this country that the Government should take over babysitting.

And that is the fundamental thing that we hope to get across to the Congressmen.

The idea that the Federal Government should set up an administrator of babysitting, prescribe regulations, tell people how they ought to raise their children, and then provide financial inducements if you do it their way, which is in Government licensed secular centers with Government trained staff—this is something there is no consensus for in this country.

Mr. **Tauke.** I'm trying to get quick answers to my question.

Yes, Mr. Besharov?

Mr. **Besharov.** I want to pick up on what people have said, and largely address my comments to the Democratic members of the subcommittee.

The interest in this tax reform has a long history among conservatives. I think this is important for the members to realize. This is not something that arises in response to the ABC bill. More than 10 years ago, AEI published its first book on the question of tax equity for families with children.

President Reagan's proposals on tax reform, which were adopted and depending on how you view it enhanced by the Democratic Congress, also emphasized modifications of tax treatment of families with children.

I would like to say, look at what's going on here. You have produced a bill that has gotten some of the most conservative Members of Congress on the Republican side to talk about spending some money to help families.

Now, this is an issue that has been a darling of the liberal Democrats. Why don't you put this ABC bill over here for a second and do some of this tax reform for low income families, get a major reform out of the way, and then go back to the ABC bill? [Laughter.]

Mr. **Kildee.** You're giving us advice on strategy right now. [Laughter.]

Mr. **Tauke.** I do have one more question, and I keep dropping questions. But you've got to give me some shorter answers if feasible.

The last question I want to ask is this. If we have the typical family now—maybe there isn't any such thing. We have the family, and they have two children, and they decide that they need child care for one reason or another. Maybe it's a single parent, or maybe both parents are working.

The family decides that the best source of child care for that particular family happens to be an aunt who has one child of her own and happens to be staying at home.

Should that family receive assistance for using that aunt, and paying her for providing care? Or should the family only receive assistance if they bypass that option and go to the local child-care center, run by the YWCA?

Does anybody have an answer to that question?

Mrs. **Schlafly.** The family should have that option, and that's why we believe in 100 percent freedom of choice for parents. The only way to do that is with a tax credit.

You can't do it with a bureaucracy.

Mr. **Tauke.** Dr. Kahn.

Mr. **Kahn**. I'm not speaking for the bill or the people who are backing it. But I think that if you could invent a way to be sure that aunt was taking care of that child and had given up income to do it, I would regard that as an acceptable thing.

After all, the dependent care tax credit now is written that if you can show that you need to arrange care for an elderly person or for a child so that a working member can work—if you can show that care was authentically arranged, it could be used. It should be too hard to set some regulations up that would help you verify what was going on.

Mr. **Tauke**. Do you think it would be a good idea to be able to permit the aunt to provide the care, if that was the preferable alternative for that family?

Mr. **Kahn**. I personally would believe in that, although as I said, I can't speak for anybody who is involved in the bill.

Mr. **Tauke**. Mrs. Zielke.

Ms. **Zielke**. Well, I think in the instance of the aunt, this gets back to what we used to call extended care. Probably that is the special care that family would want for their children.

I would wonder in the instance of that arrangement if they're really looking for some sort of subsidy. If that aunt is also having other children in the home, it should come under some sort of requirement of licensing in order to qualify for the subsidy.

I think that gets to the choice of the family and what they really expect for their child. It goes beyond the issue of whether or not a subsidy in that instance should be offered.

Mr. **Tauke**. Are you saying that you don't think a subsidy should be offered?

Ms. **Zielke**. I tend to think that it should not be. If we're looking to really keep costs down, how far are we going to go to try and find reasons to subsidize the setting?

Mr. **Tauke**. Then you'd prefer to give them incentive to go to the YWCA center instead?

Ms. **Zielke**. Where it's regulated with some licensing requirements and so forth.

Mr. **Tauke**. Mr. Besharov.

Mr. **Besharov**. I'll let the last comment speak for itself.

Mr. **Tauke**. Would you like to expand on that? I'm not sure it's obvious to everyone.

Mr. **Besharov**. I think that some people want center based care. Some people need it, and other people don't.

It's wrong for the Federal Government to make the choice for people, and the Federal Government will make that choice by which kind of care it subsidizes.

Mr. **Tauke**. Thank you.

Thank you, Mr. Chairman.

Mr. **Kildee**. Oh, before I go, I want to point out that this committee doesn't have jurisdiction over taxes. We can't address that ourselves. Mr. Rostenkowski would be very jealous if we were to do that.

I also would like to say in the area of taxes, however, that there are still some conservatives out there—not many—that don't like the graduated income tax. They feel that is inequitable and grievously unfair and discriminatory.

Let me go on record as saying that I love the graduated income tax. I'd rather lose my election than vote for a flat rated income tax. I'll go on record with that, too.

We do have a principle in this country that those more able to pay for the cost of Government pay a higher percentage. I am a dyed in the wool graduated income tax person and a Woodrow Wilson, Grover Cleveland person. I think it's great.

We do have already in the structure of this country the principle of a graduated income tax.

Mrs. SCHLAFLY. Mr. Chairman, did you vote for the tax reform bill that cut the rates to two, last fall?

Mr. KILDEE. I tell you, I did, and let me tell you why.

I voted against the tax cut in 1981. But with great pain, I did vote for last year's tax bill, and I'm not sure that I voted right.

Do you know why I voted for it? It took some of the working poor—working at some of those restaurants that I referred to with Secretary Bennett—took them off the tax rolls, and I'm glad they were taken off—and took some of the very wealthy, particularly corporations, who weren't paying a dime, and put them back on.

But when I stand before St. Peter, he may ask me how I voted on that bill.

But I did vote against the tax cut of 1981. That was an outrageous bill.

I would say that as far as Aunt Mary's care—it's not just child care centers people can go to. Family care centers are also included under this bill. If Aunt Mary meets certain criteria, there can be reimbursement. I don't know.

We want to make sure that when the Federal Government buys a service, or helps with a service, that it meets certain standards.

Mr. Sawyer? Thank you for your indulgence.

Mr. SAWYER. Thank you, Mr. Chairman.

I thought we were going to have a nice, smooth transition to another subject area there, but we went right back to the same thing.

Let's have an abrupt shift. I'd like to ask Professor Kahn to comment in a little more detail about one subject area that you touched on, and that's the appropriateness you suggested for the Federal Government in sending dollars to the States to administer programs, to define the standards that they expect States to live up to in the administration of those programs in health, safety and perhaps training. Also, whether or not there is a model or another appropriate analog within current Federal activity that would be appropriate to look to for guidance in the kind of circumstance that we described here.

Mr. KAHN. There are a number of illustrations in different areas. I think of the unemployment insurance bill.

In 1935, the Federal Government enacted a tax which said that if the States developed a decent unemployment system—and defined the conditions—fine, otherwise we'll do it. The States all decided that the option of running it themselves was a good idea. The States basically do it, and there are some rules to the game.

The social public assistance—AFDC—is another illustration. The Federal Government said, if you spend money on aid for families with dependent children, we'll match it, but we have two rules. Originally there were just two rules, one that it has to be a Statewide program, and you have to have a merit system for your personnel. The States were glad to do that, and there was no evidence that the Federal Government has misused that power.

We've had the experience in the social services of both block grants and programs with rules. I've been looking, in some of my current work, to what's happened to social services under title 20 since we gave up a Federal presence in the field and stopped getting reports, statistics, and so on. Some of the States have done very well. They've added a lot of money, moved forward, done creative things and developed delivery systems. Some States have created a horror. You simply don't have anything going.

I think it's a matter of responsibility. If the Federal Government is going to spend money, it ought to be spent responsibly. It owes the American people some assurance that it's spending that money with attention to minimum standards, empirically verifiable. We want to know that somebody hasn't picked it arbitrarily out of the sky, and certainly not picking standards that discriminate unfairly and are unreasonable in relation to the task.

I think that we have lots of experience. You can go across the board, commerce, transportation, mail, whatever you want. This is not a new issue, and I don't understand why people are acting as though the Federal role is being invented now. We know how to have a Federal role which is not always coercive and not always destructive. If it were, we would have abolished the Federal Government long ago.

Thank you.

Mr. **Sawyer**. Thank you, Mr. Chairman.

Mr. **Kildee**. Yes, Mr. Solarz.

Mr. **Solarz**. Thank you very much, Mr. Chairman.

Mrs. Schlafly, I once had the pleasure of debating your better half before the World Affairs Council in Peoria, Illinois, on the Panama Canal Treaty. [Laughter.]

Mrs. **Schlafly**. Well, you won that one, I guess.

Mr. **Solarz**. I was going to say, I don't know who won the debate in Peoria, but obviously my side prevailed in the Senate.

I'm sorry that I wasn't here in person for your testimony, but I did read it. I gather that you much prefer H.R. 3994 to the ABC bill.

I think there is much to be said for the approach that you've outlined. But I'm a little bit puzzled about your cost estimates. If I recall correctly, you said this would cost $800 million more than the existing child care credit.

You also indicated, I think, that the average amount of money spent on child care services was between, I don't know, $250 or $600. You said there were 20 million children in America. Presumably under this bill, you get a credit for each child. If the average credit were $300, I calculate that coming to $6 billion.

I'd like to know—there's obviously a tremendous difference between a cost estimate of $800 million and one of $6 billion. I'd like to know where your estimates come from.

Mrs. **Schlafly**. Well, they came from Congressman Holloway. I did not run those figures myself. They came out of his office.

Mr. **Solarz**. How does the bill work?

Mrs. **Schlafly**. Well, the bill simply works by checking off on your income tax return. There's no bureaucracy. You have so many children who are under mandatory school age——

Mr. **Solarz**. And you get a credit for each one?

Mrs. **Schlafly**. You get a credit for each one. It's on a sliding scale, and the $400 maximum is for the low income. The $150 is for the higher. It's a sliding scale, depending on your income level.

Mr. **Solarz**. There are 20 million kids in that age group?

Mrs. **Schlafly**. Yes.

Mr. **Solarz**. Well, if you take $300 as an average, times 20 million kids, unless my math is wrong, and I should go back to school and get into a Chapter One program, I get $6 billion.

Mrs. **Schlafly**. Well, I can't explain that. I got the figures from Senator Holloway's office. But that's still less than ABC.

Mr. **Solarz**. Well, the ABC bill is authorized at $2.5 billion.

Mrs. **Schlafly**. Yes, but that's on top of the child care credit. This is a combination.

Mr. **Solarz**. The point that I'm trying to make here is that if we could afford the approach you advocate, it might be very well worth testing.

I'm very concerned that in the current fiscal climate, with the deficit, it would be impossible to enact legislation like that.

Mrs. **Schlafly**. Well, Congressman, to quote some of our esteemed liberal friends, there's no price tag on discrimination.

We feel that the child care credit is so discriminatory and the ABC bill is another layer of discrimination on top of that. Cost should not be the principal factor. The first thing is to establish some kind of equity for mothers who take care of their own children.

Mr. **Solarz**. May I say that I will recall for a long time, and frequently use in debates with my colleagues from the other side of the aisle, the observation you just made. This, coming from one of the leaders of the conservative movement in America, is a very important statement. We ought not to put a price tag on these vitally important programs.

Mrs. **Schlafly**. No, I said that where it's a matter of equity and discrimination, it should not be judged on the matter of cost. Now, you can adjust the cost, depending on the age of the child, the income level of the parent, or other factors. You can make it much more costly, or much less costly.

For example, Congressman Crane has got a bill to approach this by simply increasing the tax exemptions for all minor children. That would be more costly. Congressman Schulze has a bill to interlace the earned income credit. And there are many ways to adjust the cost factor.

The point that I think is so important is that we cannot discriminate against mothers who take care of their own children.

Mr. **Solarz**. Could I have you let us know if there are any figures available as to how many children there are in the country who are in some kind of child care facility, and how many of them are in group care facilities, how many in family care facilities, and how many in center care facilities?

Does anybody know those figures offhand?

Mrs. **Schlafly**. Anyone else?

Well, the HHS figures that were provided to me today said that 54 percent of the children under age six are in home with full-time mother care. I also understand that there are only about 10 percent of the children who are in the type of center based care that would benefit under the agency bill.

Mr. **Solarz**. Leaving aside children who are home with their own mothers, and talking now just of the universe of children who are in some kind of group care environment, whether it's group care, family care or center care—does anyone know how many that is? Professor Kahn.

Mr. **Kahn**. If you want numbers from a Government publication, I'd be glad to do it.

This is a survey called the Survey of Income and Program Participation, a panel study the Census Bureau runs in which they interview people several times as to primary care arrangements, children under 15 by age, and 1984 to 1985— that's about as late as the data go.

They're dealing with about 26 million plus children. Of those, 4.7 million are in the child's own home, cared for by the father, grandparent, other relative, etc. Some 3.8 million are in another home, of which 2.2 million would be cared for by a non-relative. Another 2.4 million are in an organized child care facility—day care center, nursery school, and so on. And about 13.8 million are in kindergarten.

If you want to distribute that percentagewise, that's the total.

Mr. **Solarz**. Okay.

That's fine, and I can get it.

Let me ask you this. Earlier today we heard from Secretary Bennett, who said that based on some research they had done, there didn't seem to be a national need for an expansion of child care facilities. There might be some areas of the country where there were shortages, or where certain kinds of needs were not fully being met. But by and large, he seemed to feel that those parents who wanted to put their children into facilities were able to find them and presumably could afford them.

How do you find this?

Mr. **Kahn**. I testified that he was in error, when you were not here before.

There's a lot of evidence of a major shortage of infant and toddler care. That's kids up to about two and a half or three years. In the three to five area, you can find a lot of debate. There are facilities that are part day, but the shortage there is for full day care.

There is a very large shortage for after school care for the kindergarten age, going through the first several grades to age 10. That can be documented for you by many sources and studies.

You have employers all over the country trying to invest money to recruit family day care, since there are shortages.

Mr. **Solarz**. Are there any up to date realistic estimates of how great this shortage is, and how much in excess the demand is?

Mr. **Kahn**. Probably because of the lack of Federal infrastructure and State sources, we don't have good data on this. The Federal Government dismantled much of its data collection several years ago.

There is now underway a survey contracted by the Urban Institute that is looking at the supply more carefully, and there are a number of studies in various cities. HHS told me of a study that they're doing in three cities that will provide such data.

The fact is that we don't have such national data, and that's part of the argument for doing something about the way in which the Federal Government meets its responsibilities.

Mr. **Solarz**. Well, Mr. Chairman, you're coming back after the vote?

Mr. **Kildee**. Yes, after the vote.

Mr. **Solarz**. Would it be possible? I just have two or three questions I'd like to ask.

Mr. **Kildee**. Why don't you take the chair?

Mr. **Solarz**. Well, I'd like to go vote also.

When we come back, if that's okay with you.

Mr. **Kildee**. If you don't mind waiting, we'll be right back.

I was going to try and dismiss you, but——

Mr. **Kildee**. It's a recorded quorum call, so Mr. Solarz will take the chair.

Mr. **Solarz**. Thank you.

Professor, you can return to your chair.

Mr. **Kahn**. I didn't realize. I thought that you had gone to vote.

Mr. **Solarz**. Class is continuing.

Mr. **Besharov**. Can I address that last question, unless you're going to return to it?

Mr. **Solarz**. Please do.

This question of supply and demand is very hard to parse out, in part because——

Mr. **Solarz**. Excuse me just one second.

Okay. Please, proceed.

Mr. **Besharov**. In part, it's because supply is in part a function of demand.

But I want to mention in particular one piece of information that we have, that would weigh heavily on the side of those folks who think there isn't as large as supply problem as is sometimes made out.

The percentage of mothers who work after their children become school age does not rise appreciably. If you view school as a free child care program, which I think in some dimensions you can do, so that in effect her decision to work becomes much less expensive, you would expect a vast increase in mothers working at the point where children become school age.

The figures that I have from the census show only a three percent increase when those children become school age. That suggests to me, no matter what other kinds of supply problems we have out there, that we have a system that is in rough equilibrium between a mother's desire to work and the ability to find child care.

Mr. **Solarz**. Professor.

Mr. **Kahn**. It's also true that a lot of people have made the most of what they've been able to get, and they're dissatisfied.

A lot of people do have part time care and nursery school, and then run around with other kinds of arrangements they use—a day care center in the morning, a family day care center in the afternoon, or relatives for a few hours and then day care, etc. It's a very difficult situation.

If we really care about families, one of the things that we have to worry about is the daily life consequences in the ways that people are matching the resources to their schedules and running around. The absolute shortages that seem very severe are the infant and toddler. At the three to five level, as I said, it has to do with quality, hours, access and affordability.

Mr. SOLARZ. Can you——

Mr. KAHN. We're ending up with a split system, which also worries me. We've got the middle class using one type of facility and——

Mr. BESHAROV. I wish that the political debate and the bill reflected those differences, but I'm afraid it does not do so.

Mr. SOLARZ. Well, could you provide for the record, Professor, whatever figures you could come up with that would put some flesh on the bones of this argument that there is in fact an unfulfilled need here which this legislation would presumably address.

Now, let me ask you about what seems to me to be Mrs. Schlafly's main argument against this legislation—that it's sort of inherently discriminatory against those mothers who choose to stay at home and raise their children at home, and that a far more desirable approach would be through the enactment of legislation that would provide a child credit to every mother or father in the country that had children below a certain age. Those who chose to stay at home could use it anyway, and those who chose to use it to finance some sort of child care arrangement could use it for that purpose.

Why isn't that a more desirable alternative?

Mr. KAHN. I devote a lot of my time to studying comparative child policy and comparative family policy. I do favor a child tax credit or child allowance, or something of that sort that would buttress family life in America, and I've been on the record going back to Lyndon Johnson's review of maintenance reforms. I favored this over some of the other things that were done.

I have no problem with that, but I can also tell you that since a very large number of the societies in the Western industrial world have such credits, they also have child care programs.

It's normative, for example, in Western Europe and the continent to provide for all three to fives a public nursery school, and all the children go. That's 90 or 95 percent. The parents pay for the supplement if their working hours coincide. In other words, these are not trade-off issues. They only become trade of issues if you use them in political debates. You use the tax credit or something like that as an argument against child care legislation.

The truth is that societies need both those things. We also need some sort of maternity or parental leave legislation that will let a mother stay home for nine months with decent income replacement so that we don't have to use child care for a 6-week-old child.

Mr. SOLARZ. Is it your argument that under the kind of legislation that Mrs. Schlafly is talking about the credit would not be sufficient for a parent to pay for the entire cost of child care?

Mr. KAHN. Oh, no.

It would simply help people to meet some of the marginal costs of rearing children. If you handled your tax system right, you could tax it back when people didn't need it for that. But it would never be enough for child care.

Mr. Solarz. Now, what's your feeling about the income limitation contained int he bill? I think 115 percent of the poverty level. There seems to be some considerable argument that this is too high. Do you share this view?

Mr. Kahn. I would rather leave that an open issue to the States. Therefore, it seems to me that a limitation to that gives the States a kind of flexibility in the way that they set up their sliding fees.

Mr. Basharov and I had an exchange about that while you were out before. My own guess is that the States are not going to spend the money, or very much of it, up to that level. It's part of not letting the Federal Government control too much what's going on, and giving them some leeway.

Mr. Solarz. Mrs. Schlafly, you very much prefer, I gather, having mothers bring up their children at home.

Mrs. Schlafly. Well, maybe, but I didn't say that.

What I said was, I think they should have freedom of choice to choose the child care that they want.

Mr. Solarz. But you don't object, I gather, to the establishment of child care centers and the right of women to send their children there?

Mrs. Schlafly. No, I do not object to that.

Mr. Solarz. Now, to the extent that we do have such facilities around the country, what is your feeling about the provisions in the bill which deal with the question of minimal standards, which would require the appointment of a commission, and which would propose minimal standards which each State would have to meet? I gather that States could exceed the standards if they wanted to, but it would be some minimum level that every State would have to meet? Do you find yourself in opposition to that provision of the bill, also?

Mrs. Schlafly. Yes, I do, very much, Mr. Chairman.

I don't see any competence at the Federal level to establish that type of regulation.

I think that we're much better off with State and local regulations. I believe that the Federal regulations would grow and become more oppressive.

I notice in the ABC bill that they would set up a commission to establish these regulations, and the commission is deliberately loaded to advantage the people who are in the day care business, as opposed to mothers who had been providing quality day care all these years. They are really bypassed and ignored.

There just isn't any evidence that federally regulated child care centers are going to be better quality care for children than the system that we have at the present time.

Mr. Solarz. Let's assume there was a State that had not standards at all. Anybody who wanted to open up a child care facility could do so.

There were no requirements as to whom they could or could not hire, and no safety requirements to protect the children. Under those circumstances, where a State had neglected to adopt even minimal standards, would you be opposed to the Federal Government establishing a minimal standard which child care providers in that particular State would have to meet? On the grounds that if the Federal Government didn't do it, and the State hadn't done it, then nobody would be doing it? The children would be at risk to unscrupulous providers who were not meeting what even you and I might agree were minimal standards.

Mrs. **Schlafly**. Well, I think that your question rests on the assumption that the State legislators in these States are completely oblivious to horrors perpetrated on children in their States.

My experience in State legislators is that they're extremely responsive. If the State has a problem, it can be addressed.

I do find it curious that when the agency bill talks about setting up standards or regulations, they are usually talking in terms of staff ratios, and are silent on questions that might bring about real problems to the children, such as crime, sexual abuse, drugs, and disease.

If you want to have some form of Federal levels, why not raise the penalties very much on anybody who commits any abuse or crime against a child? Run security checks to see if they have diseases or are on drugs. I think that might have some value at the Federal level.

But when it comes to the matter of some of these other things, that apparently the Agency is thinking of in terms of Federal regulations—I don't see any real relation between that and the quality care.

Can you say, for example, that if the child-staff ratio is 1 to 6, that is going to be so much better than one to seven that we need a Federal regulation? I don't think the evidence will bear that out.

Mr. **Solarz**. Yes.

Mr. **Besharov**. There's another side to this, and I think that most analysts would agree with what I'm about to say. If not, there are other speakers after me, and you may disagree.

Any imposition of standards which would improve the quality of care to children would increase the cost of that care. I don't think anyone disagrees about that. If you take the obvious example of child to staff ratio.

Any bill that imposes a standard which would then raise costs would have one of two effects. Let's assume that it raises costs by 5 percent. That would mean that there would be a heightened desire for more Federal subsidy, to pay for the heightened costs. A greater number of people would say that they have trouble affording child care.

The other side of it, which I think should be equally or more troubling to providers—and that's why many providers are ambivalent about the standards—is that we know that the more standards that we impose, and the higher costs we impose on licensed care, the higher the number of providers in the underground economy. We're talking nationwide from 60 to 70 percent of all providers being unlicensed.

The alternative, Mr. Chairman, on this one, is very heavy police regulation of people who take kids into their homes, or massive increases of spending.

Mr. **Solarz**. Are you saying that 60 to 70 percent of the children are being serviced by unlicensed providers, or that 60 to 70 percent of the providers are unlicensed?

Mr. **Besharov**. I think it's children, but I could be wrong.

Mr. **Solarz**. Professor?

Mr. **Kahn**. It may be true in family day care. In some States, somewhere between 20 and 60 percent of the family day care providers are unlicensed, but nothing like 60 to 70 percent of the children.

Mr. **Besharov**. I am going to leave it at providers.

Mr. **Solarz**. Is it illegal anywhere for unlicensed providers to provide child care?

Mr. **Kahn**. This is illegal activity in many States. It's illegal, and it goes on.

Mr. **Solarz**. And there are presumably penalties for it?

Mr. **Besharov**. There's very little policing.

Mr. **Solarz**. But how do you respond to this point then, Professor? As we raise the standards, we drive more people into the underground service providing.

Mr. **Kahn**. It is certainly true that increased standards raises the cost. There's no question about that, and there would be no debate about that.

But it's also true first that you're phasing your standards in over the five year period of this legislation, and secondly, you're picking standards that are close to the middle point of what now exists in most of the country.

Third, you're providing help to people to meet those standards and remove them from the underground.

I think that combination of strategies is reasonable, and there's no reason to believe that would increase the amount of illegal care. If anything, it would improve the situation.

Mr. **Solarz**. I see that the chairman has returned.

I just have two final questions I'd like to ask, if he will indulge me.

I can assure him that unlike the Philippines, this is not a revolution, and you won't have to go into exile. You can return.

Mr. **Kildee**. Hawaii's not bad. [Laughter.]

Mr. **Solarz**. Hawaii's not bad, but I saw your wife last night. She doesn't look like the type of woman who has 3,000 pairs of shoes. [Laughter.]

A good woman.

At any rate, the first of my two questions is on standards. It seems to me that if there is a case for establishing Federal standards, it has to rest to some considerable extent on the view that the standards which now exist are below a minimally acceptable threshold in terms of the safety and welfare and well-being of the children.

If that standard is being met, then we're probably better off leaving it to the States.

Have you any evidence, any of you, that would suggest that there are States where the existing standards are inadequate, insufficient, in terms of the welfare and well- being of the children?

Mr. **Kahn**. First, there are States without standards.

Second, the standards that exist in States were empirically derived from a series of studies done in the 1960's and 1970's that looked at the relationship of some of the variables that we're talking about—number of adults to children, group size, background of staff, and the quality of what went on in the programs. So we're talking about empirically derived standards.

Third, if one travels around the country and visits child care—both center care and family day care, or one simply sits and reads the clippings from reporters who have done investigative reporting in a number of States, there are more horror stories than you need. And they tend to be places where either there are no standards, or there is no capacity to monitor standards.

That's part of the infrastructure.

Mr. **Solarz**. Finally, I'd like to ask on the matter of vouchers. To the extent that this ABC bill does provide resources for child care in the country, part of it is supposed to be provided through a voucher system. But it doesn't necessarily have to be that way. You could then eliminate the voucher system and provide more money through the direct grant part of it, or you could specify that the same amount of money that was used for vouchers be used to achieve the same objective of vouchers—to reduce costs for parents who send their children there.

In light of that, do any of you see any particular advantages to the voucher component of the bill, as distinguished from keeping the overall funding levels the same, but eliminating the voucher provision?

Mr. **Besharov**. Assuming that one were going to spend this money in the way that this bill suggests we spend it, vouchers are probably a better and more efficient mechanism than making grants to centers, because it does allow parental choice.

We have a vast market of parents choosing, moving kids, and making decisions. If the alternatives are between having grants and grant proposals and money funneled from Washington to a State capital, which was my home, to New York City, which also was my home, and so forth, or having a voucher where a parent says, I want to try—Mike went to CCD, which was a church based program—I'd like to see that happen, for that church to write the proposal to get those funds which might be $80 a week. It wouldn't be worthwhile for that church program.

It would encourage choice to have a voucher program.

Mr. **Solarz**. Professor.

Mr. **Kahn**. I would agree with just about everything that's been said. Because of the choice, the vouchers are useful.

But I wouldn't want to be limiting the States to that. There are some circumstances where no provider appears, and the State wants to contract to have a facility created, or it wants to help build a community center that can be used, or a school system wants to take on a child care task. The only way it could do that would be with a contract.

I'd rather see a diverse system that allowed vouchers but also permitted contracts.

Mr. **Solarz**. Yes?

Ms. **Zielke**. We've been through these discussions before, and I find it misleading to say that offering a certificate or voucher is giving the parents a choice.

In this case, with day care, we think that by improving the qualified day care givers and the type of programs available, we would offer some options to parents. But it's going to come down to what is accessible and what is affordable.

A parent who is looking for some child care that had some educational component to it, so that their child would be more ready for entering school, would certainly recognize that a program like that would be more expensive. That voucher wouldn't buy that service, and there would be other costs, like transportation, that gets into accessibility.

So, we think it's misleading to say that a certificate or voucher is going to offer a parent more choice. You have to look at what options there are to begin with.

Mr. **Solarz**. Mrs. Schlafly.

Mrs. **Schlafly**. I think the voucher or certificate system would end up being massively discriminatory against the church based day care, which is the principal provider of day care to low income groups, particularly in the cities.

I don't see any way out under Grove City. Now, maybe you could have an amendment that exempts all day care from Grove City.

But I think that any way you slice the voucher program, it's going to run into the problems created by the Grove City bill.

Now, I note that Dr. Kahn complained about my tax credit proposal, because he said it would not provide enough money. Even if it provided an average of $200 per child, which would come out right with those figures on the chart, and is probably more realistic, that's more than they're going to get under the Dodd-Kildee bill.

On the Dodd-Kildee bill, it's kind of a trickle-down theory. You give it to the bureaucracy and the States and the providers, and whatever ends up in the hands of the parents is going to be much less than the tax credit plan.

Mr. **Solarz**. Mr. Chairman, I promise, this really is the last question. [Laughter.]

But Mrs. Schlafly has triggered a thought in my mind.

Professor Kahn, when you said earlier that her approach, the tax credit approach and the ABC approach were not mutually exclusive and that we ought to do both, that's what you favor? You point out that the Europeans do both.

Assuming that you could get both approaches costed out at the same amount of money to the Treasury, and you couldn't do both, because one was the most political traffic would bear, and the most that the budget deficit would bear, and you had to pick one approach or the other—which approach would you pick?

Mr. **Kahn**. If what you wanted to do was provide child care, then you would target your money and spend it on child care.

Mrs. **Schlafly**. And if what you want to do is help parents who have children, then you give the parents freedom of choice.

Mr. **Solarz**. Mr. Chairman, I relinquish my brief moment in the sun, and I thank you for your indulgence.

Mr. **Kildee**. I think that Mr. Ballenger had a question.

Mr. **Ballenger**. A short question—but I didn't realize it was going to be a half-hour between the first time I was going to ask it and now.

Ms. Zielke mentioned accessible and affordable. In this committee—not this subcommittee but the Education and Labor committee—we have another bill that's coming up soon.

I'd like to ask Mr. Besharov, who seems to know statistically—you mention that home care usually runs about $1,200, and day care about $3,000. I have been involved in day care myself in North Carolina, and recognize that the pay scale is very low. Should Congress raise the minimum wage about 50 percent, is it not probable that the amount of money that's in the bill will cause the labor cost to go up by 50 percent? I recognize that labor cost is far and away the major factor in day care and believe this cost might decrease the value of the money in the ABC bill by nearly 40 or 50 percent because of that?

Mr. **Besharov**. I think that's correct.

I think that the operative assumption on everyone's part is that $2.5 billion is just the beginning. No one is suggesting that this is a program that will be capped out at $2.5 billion.

The bill doesn't even say that.

Mr. **Ballenger**. But in your opinion, would that decrease the value of the $2 billion by 30 to 40 percent? [Laughter.]

Mr. **Besharov**. I have difficulty answering that question because I am personally deeply troubled by the low salaries and earnings of child care workers.

I would not leave my children in the care of someone making $4,000 a year. Or $5,000. That is a real problem that we face in child care around the country.

Making a substantial improvement in that through a bill like the ABC bill would mean not spending $2.5 or $5 billion, but maybe $7 billion or $10 billion a year. I'm making those numbers up only because I see the need to be so great.

Mr. **Ballenger**. I think that the numbers that we have run between $40 and $50 billion, even $100 billion if we were going to do it in the manner in which people would like to have it done.

Thank you.

Mr. **Kildee**. I want to thank the panel.

One of the advantages of serving in the Congress of the United States and attending hearings like this is that you hear people like yourself, all of whom could be lecturing at a college where we'd have to pay tuition for it. We get it here without that.

I very much appreciate your testimony.

We may not agree on everything, but one of the things required in putting together good legislation is taking in various points of view.

We will be calling on you for further information. I obviously believe that the ABC bill is the better approach, but as I say, it was not written on Mt. Sinai, and we will try to tuck into that bill as many considerations as possible to make the bill serve and also be fiscally sound.

All of you have been very, very helpful, and we appreciate your testimony today.

Thank you very much.

Our next panel—and I really appreciate the patience of people who have been waiting here today—will consist of Mr. Karl Zinsmeister, American Enterprise Institute, Dr. Richard M. Clifford, Busch Institute for Child and Family Policy, University of North Carolina, Chapel Hill, Mrs. Inez Holloman, president of the Holloman Child Development and Education, and Mrs. Cass Ballenger, a member of the North Carolina Day Care Commission.

Again, we appreciate your patience.

Mr. Ballenger, do you wish to introduce anyone especially here today? [Laughter.]

Mr. BALLENGER. I'll just say that I'm very happy to have my wife here, and I appreciate the Chairman's generosity in allowing her to appear.

Mr. KILDEE. We're happy to have her here.

All right, if you want to proceed in the order in which we read your names, we will take your testimony.

STATEMENT OF KARL ZINSMEISTER, AMERICAN ENTERPRISE INSTITUTE

Mr. ZINSMEISTER. I'm Karl Zinsmeister. Thank you, Mr. Chairman, and thank you, committee members, for having me here.

Let me start out by saying that I'm working on a book on some of the problems facing children today in America. These range widely through things like very high poverty rates, a poor education, unprecedented levels of exposure to crime, drugs, violence, family breakup, and these sorts of things.

I want to say that I take these problems very seriously, and I happen to subscribe to the view that there is a grave set of problems facing American children.

It is that child's eye view from which I approach that entire day care question as a result.

It strikes me as you listen to day care testimony, it's often presented as a woman's issue, an employment issue, a family issue, a productivity issue. It is of course all those things. Those groups have an interest in day care, and their interests ought to be weighted.

However, day care is of course a preeminent children's issue. After all, when we put our children in day care, we are buying much more than a service which permits us to work; we're buying an environment which determines an awful lot of that child's future.

I've taken the child's eye view, and I would argue that when you do that, you get very different results. Specifically, you get some very worrisome results.

The first thing you notice when you look at day care is how regimented and impersonal and structured much of it necessarily is. It's a little bit like joining the Army. You've got a bunch of kids and a limited number of caregivers, and they have to function by rules.

Unfortunately, one of the things that we know from child development literature is that young children—I'm specifically talking about young children here—do not thrive under that sort of a situation.

One of the other things that you quickly notice is the impermanence of child care. The average child care program in New York State, for example, has an annual turnover rate of 40 percent amongst their staff. Other kinds of child care have very similar problems.

If you interview parents, you hear constant stories about how they got a great au pair, but she went home after six months, and then they got a really good nanny, but then she got a better job, or somebody got deported by the Immigration Service. It's an absolutely chronic problem in child care today—turnover. This is one of the things that we absolutely know without question is very difficult on young children.

They just get attached to someone and get to know someone, and there's a new face.

Now, this is the kind of thing that a lot of people argue you can regulate away. You can have better licensing and you can control these kinds of things. I would argue, having looked at this fairly closely, that these are things that will not be easy to regulate away.

These are inherent problems that have a lot to do with the structure of the undertaking. When I fished about for sort of an adult analogy for what happens in day care centers, if you've spent time in a lot of day care centers, in some ways it's very much like a nursing home for the elderly.

The emotional environment is often the same, and they have a lot of the same problems. One of the problems that you find, if you talk to the administrators of nursing homes for the elderly, is that they have the exact same problem of staff turnover. They refer to it as burnout, staff burnout. This is a very demanding undertaking, and people can only take it for a few years. Then they're gone.

I've thought about this, and I think that the real root problem is that we're asking people to do here for money what most of us can do only out of love. I think it's almost that simple. And then there's another part of it, too.

I'm very worried—the larger part of this book I'm working on is this parent thing. The job of raising children is suffering increasingly today from social disesteem. The idea is that if you're talented and ambitious, you get out there and you get a job, in the office or the factory. You do something, and you leave the job of raising children to less capable hands. I think that's an extremely unfortunate view, but it's one that I believe has taken some root.

As long as that sort of view is in effect, you'll have a very difficult time attracting qualified people to day care, no matter what sort of regulations or salary increases you could offer, to which I would, by the way, not be opposed.

Nonetheless, these are inherent problems which make it difficult to analyze the problem without considering them.

Another one—it's ironic. Some of you might be aware that New York City is about to open up its kindergartens to 4-year olds. You've heard increasing stories about young children who are taking standardized tests. There's a push underway, which is very much part of the day care movement, to increasing formal life education for young children.

I find that unfortunate. I think it's particularly ironic that this is happening at the same time that a great many experts in child development are saying that we have learned that in fact children do not profit from formal, competitive education at a young age. What the young child needs is creative play, and formal education has in fact is the potential to do harm.

This is something that the National Association for the Education of Young Children is saying very loudly at the present time, and properly so, I think.

It's not that day care centers don't try to compensate. They all do, I think. They try to work on motor skills and teach things. You have all sorts of stimulation.

But again, to return to root causes, you have to ask yourself, what exactly is happening there. To me, it appears that the root of a day care operation is that idea that you can substitute skills for love. That's really what it boils down to.

I return to this word love, and I'm almost embarrassed to use it. It's a very unclinical word, I'm aware. However, it strikes me how unfrequently that word even enters into discussions of day care, and how inappropriate that really is.

If you read some of Fraberg, for instance, she talks about how young childhood—first, second and third years— are extremely puzzling times for children. They're full of all sorts of fearful new experiences, and what children need at that time, above all else, is the absolute security and devoted protection of the one or two people that they love most.

The substitute ability for those one or two people has not, to my mind, ever been clearly demonstrated. That's an important problem, I think.

When you go beyond kind of looking at the structure of day care and do empirical research, I think the first thing you have to notice is how lousy a lot of it is. First of all, to be sympathetic, mass day care has only existed for a relatively short period of time, and we have few subjects that we can look at. There have been all sorts of other problems, too. It's been heavily biased towards the best university- based centers rather than to the other, normal situations.

They didn't look closely at the age of children or their family origins in many cases. But this is improving. In the last 5 or 10 years, we've gotten some much better research.

I spent some time looking closely at this new research, and you begin to find two troublesome things. The first is that there is at this point a goodly number of reputable studies that suggest that young children—1 and 2, and sometimes 3 year olds—that enter full-time care at that young age, many develop weak bonds with their parents.

This has been determined with standard scoring psychological tests. It's—the tests suggest that the children who did not have these firm bonds with the parent in a great number of cases later in life have emotional and intellectual problems of various sorts. This is considered to be a pretty reliable warning sign that problems may lie ahead.

This finding has been demonstrated for poor children, for middle class children, you find it among kids in good centers and bad centers. Yesterday morning I was reviewing a study from Chicago that suggested this effect of mother-avoidant behavior among kids that have been in day care takes place even in the gold standards of day care—that type of nanny arrangement when you have one hired woman to come into the child's home and take care of the child there.

Even in this situation, this particular study in Chicago found—and again, these were high-income families with both parents intact, and the only difference between them was that in one case the mother or father stayed home and devoted most of their time to the child, and in the others they had a nanny-type caregiver—there were much higher rates of what's called insecure-avoidant behavior.

Again, the idea that perhaps the child has, having been left several times, developed some sort of—has found it difficult to rely on the parent and has as a result shut off part of their emotional attachment.

The second set of evidence we is to take children who were in day care when they were one or two, and look at them when they're ten. Here, there is again beginning to emerge this pattern of evidence where many of these children are showing serious aggressions, frustrations, withdrawal, and less cooperation. Again, this center was a very good, university-based center.

I'm not making the case that every child put into day care is going to have these outcomes. But these are good signs—they can guess that there's a much elevated risk for children who go into these types of centers for exhibiting these potentially harmful behaviors.

Now, I started my investigation of some of this, I think, with a fairly conventional neutral view of day care, and a view of engineering, dealing with spending and licensing and class sizes to produce magically good care rather than bad care.

I think that the verdict of this most recent evidence calls into question, to some effect, the entire premise that there is such a thing as reliably good care. My present conclusion is that day care is not an engineering problem. It's a structural problem, sort of a philosophical and moral problem.

The question is, can you professionalize the parenting function without harm to children and to society? The conclusion, I regret to say, of most of this recent research is apparently no.

Now, it may happen anyway. I'm prepared to believe that in my lifetime, by the time that I'm an old man, most children will not be raised by their parents but by professionals. In some ways that would be the ultimate result of the Industrial Revolution—the industrialization of the family.

We have taken other specialized domestic functions and made them into a service industry, and possibly raising children will go that route. Myself, I hope not.

I think that there is not only good intuitive evidence, but at this point good empirical evidence that would have a variety of harmful effects.

An interesting thing, and something that really shocked me when I got into this, something that is really one of the dirty little secrets of day care—even before this latest evidence came in, and to be fair, it's very recent and some of it is still very much at issue, and there's polemical throwing and going over it. There are many very good signs, though, that are irrefutable and which make this a good case. Nonetheless, even before this started to come in, among child psychologists, educational theorists, pediatricians, the American Medical Association, the American Academy of Pediatrics—in short, among people who know what children need, there has for ages been a long-standing consensus that non-parental care for young children has heavy risks and is to be avoided where possible.

One child psychologist who was himself an advocate of day care did a survey of the 20 most influential child care books of the last 10 years. The whole gang. He found that only 7 of the 20 even reluctantly or grudgingly approved the idea of both parents working when the children are very young.

Probably the leading child care manual at the moment—and who is herself a very strong advocate of women's rights and who called herself a socialist—this author is nonetheless a very strong opponent of two working parents when the children are very young.

Spock has said for years, in successive editions of Baby and Child Care, that there are excessive risks to leaving a child repeatedly when they are young. He said they may lose some of their capacity to love deeply, as though it's too disappointing to be left again and again.

Vernon White, who is an educational psychologist of some renown and the director of the Harvard Preschool Project, wrote an article very recently in which he said:

> After more than 20 years of research on how children develop well, I would not think of putting a child of my own into any substitute care program on a full-time basis, especially a center based program. Unless you have a very good reason, I urge you not to delegate the primary child-rearing task to anyone else during your child's first three years.
>
> Babies form their first human attachment only once. Babies learn language only once. The outcome of these processes play a major role in shaping the future for this child.

Again, this isn't isolated evidence. You'll find all sorts of reservations about non-parental care for young children. That's large amounts—let's not be absurd. We're not talking about a play group. We're talking about something bordering on full-time care for infants and toddlers.

Now, when you present this evidence, I find, you get two responses, very often. There are those who automatically assume that this is an attack on female careerism, and that the real message is let's get the ladies back in the kitchen. This is just some reactionary stuff.

That's really extremely unfair. Myself, I support the increases in female education and female labor force participation as positive both for women and for this country. Many of the researchers who are making this case have sterling credentials, and they do not have ideological axes to grind.

I think it's quite reasonable for those of us who are very interested in child welfare to worry that when both parents work, there may be risks to the children. After all, there are ironies in this debate. One of the most cogent criticisms of fathers in the 1950's was that they were so wrapped up in doing and making and earning that they completely lost contact with the intimate joys and responsibilities of family life. I happen to believe that's true. But instead of reversing that, we've now replicated it for both sexes and all classes. That's becoming a universal norm.

If you work hard—and most people are working hard and putting a lot of energy into their jobs—that does not absolve them from responsibilities to their children.

Unfortunately, the message that goes out, I'm afraid, is that that does absolve you.

I don't think the first criticism is reasonable.

The second response you often get is that this is unsensitive and unfair, because these—one person hearing that they're endangering their child's future emotional well being only adds to the guilt and anxiety that parents already feel.

Now, I will grant you this is extremely inconvenient and disconcerting evidence. It's inconvenient for parents and for Congress. It would be nice if we could put kids up there and say there's no effect.

What I'm saying is the verdict of science. You can't wish that away. You've got to face up to it.

More than that, implicit in the claim, good or bad, it's here to stay. This is the assumption that parents aren't going to change, even if they know they're possibly hurting their kids.

Now, that may possibly be true, but I don't think it's true for very many parents. I don't think parents need apologists with one finger to the cultural wind trying to decide the particular cultural prejudice and interest of the moment.

I think that most parents want the truth, and if they become convinced that they are possibly harming their children with large amounts of full-time day care, then I think a lot of them would make adjustments.

Of course, the fair retort to all that is that any solution that urges an alternative to non-parental care assumes that there is a level of choice in the structuring of families that simply doesn't exist. Most people don't have a choice—they have to work. This is a truism of the debate today, and you've heard this a dozen times today.

Again, I've looked closely at this, and my opinion is that clearly there are large numbers of people who do not have a choice. There are, however, even larger numbers who do have a choice. There are those for whom this argument of I can't afford to is an evasion.

We are an enormously rich Nation. I checked the figures this morning, and the per capita income has doubled, after inflation, in the last 22 years. Our houses are 30 percent larger than the houses that our parents had.

You would have a very hard time convincing me that we cannot afford to protect and guide our children over just those few early years, if that were necessary.

And in fact, if you look at what people do, rather than reading the popular magazines of the activists and what they claim they do, you'll see evidence of enormous freedom for parents that our current wealth allows.

You often hear this refrain of how the stay at home parent is part of a bygone era, this Ozzie and Harriet stuff, the Cleaver family stuff. It's simply not true.

Again, the Bureau of Labor Statistics figures that have been partially launched say that 55 percent of mothers with children under three don't work at all. That's a majority. Let's start with that number. Of those who do work—and by the way, some of those are not looking for work, and some of those are looking but are unemployed—if you add that category together, the operative fact is that 55 percent of mothers with children under three are not working, okay?

To that you then add the ones that are working part time. Dr. Kahn pointed out that two-thirds of those who work full-time. That's one way of looking at it. I prefer to say that one-third of the women who are working—who are themselves the minority—are working part time. A great many of those who work full time are working only seasonally or for a few weeks or months.

People don't realize, I think, the way these labor polls are conducted. It's largely a public opinion poll. If you work one week at Christmastime, full time, you are counted as a full time worker. That's not to say that's the majority, obviously, but there are significant numbers in that category. They work seasonally—when there's a harvest, or at Christmastime, they consult and write a newsletter for two months, and then they don't.

The bottom line of all of this is that three out of four mothers with children under three either don't work at all, or work part time or seasonally. That's three out of four.

So, I think that's a terribly important message that the advocates neglect. There's this idea that there is this massive universal demand for substitute care for infants and toddlers, and that's simply not correct.

Americans have demonstrated that the practice they prefer is to have a policy of maximum parental care in those critical early years. That's what they've voted for. And there's a hopeful side to that. We realize that the number of people who legitimately don't have an economic choice in how they structure their family life is much smaller than we've been led to believe.

We hope that we could concentrate our efforts on those. I'm not one to sit on my hands. I recognize the necessity of helping those people, and I'd like to take positive measures on their behalf.

I think that I'll skip my suggested solutions so that I don't hog too much time. They're in my prepared remarks, however.

[The prepared statement of Karl Zinsmeister follows:]

HOW DAYCARE HARMS CHILDREN

Testimony

by Karl Zinsmeister

to the House Committee on Education and Labor
Subcommittee on Human Resources

April 21, 1988

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BRAVE NEW WORLD

How Day-Care Harms Children

KARL ZINSMEISTER

A rapidly growing share of America's children are being raised by hired workers, by substitute parents. Although most families still make arrangements so that either the mother or the father can stay home with very young children, every year more and more youngsters are handed over to caretakers, at a younger age, and for longer hours. While no one has any idea what the ultimate outcome of this giant experiment in proxy child-rearing will be, there is growing evidence that the long-term emotional, intellectual, and cultural effects will be unhappy.

The prospect of a "professionalization" of parenting has long disturbed some observers. One of the earliest cries of caution can be found in George Orwell's *1984*—which describes a future in which the state takes over the child-rearing functions of the family, with a resulting disappearance of close and intimate human bonds. Only among the ragged, sentimental, tradition-bound "proles" are children still raised by their parents. This primitive social practice makes proles hopelessly uncompetitive with the professional class that has come to rule the earth. It is also only among the proles that inefficient human traits such as loyalty, altruism, humor, and love continue to thrive.

Not everyone worries that public child-care will be harmful to society, however. In her pioneering book *A Lesser Life*, feminist Sylvia Ann Hewlett lodges a fierce protest against "the misguided notion that governments cannot and should not help provide a substitute for mother love and mother care," which she considers one of the last great barriers to economic and social advancement by American women.

Yale psychologist Edward Zigler has called for turning the public schools into full-service institutions that would relieve the family of many of its traditional obligations. In the future, he urges, public schools should take over care of all children three and older, and play "a large role" in looking after infants as well. School buildings should open earlier and close much later, including on all vacations, so that parents who work could leave any child, from newborn on up, at the local school all day.

At present, day-care takes many forms, ranging from a live-in nanny to a large center located near a major highway exit. Nearly half of all mothers of preschool children are employed. As of the latest Census Bureau survey in the winter of 1984, their children were cared for as follows: 40 percent were tended by a relative, including the father; another 8 percent were taken care of by the mother while she worked, either at home or elsewhere; the rest were looked after by outsiders, with equal numbers in homes and in day-care centers.

The arrangement growing fastest is institutional care. Just from 1982 to 1984 the fraction of preschoolers in day-care centers went up 56 percent. By now, probably a third or more of all young children of working mothers are in centers, and the total is rising fast. Both advocates and opponents view group care in large, state-licensed and -regulated centers as the wave of the future.

This mass surrender of child-rearing responsibilities to nonrelatives—particularly to the state or other institutions—marks a profound change in human history. It represents the final victory of the industrial revolution: the industrialization of the family. From a purely economic point of view, having talented individuals leave the labor force for considerable blocks of time to rear their offspring is wasteful. The ultimate application of the principle of division of labor demands that the "job" of humanizing, acculturating, and morally educating our progeny be assigned to paid workers. If the results of industrialized child-rearing occasionally resemble Henry Ford's original assembly line, it should not be entirely unexpected.

Frighteningly Empty

In her book *A Mother's Work*, Deborah Fallows presents an unusual journalistic account of typical days in a wide variety of day-care centers. For more than a year and a half, she spent hundreds of hours in dozens of centers in Massachusetts, Texas, Maryland, and Washington, D.C. While Fallows discovered no abuse, little dirt, and adequate physical conditions in most centers, she nonetheless found the average child's experience to be frighteningly empty. This was a fairly typical visit:

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Not as supercalifragilistic as originally thought.

> I settled into an inconspicuous corner of the room and began to watch the children. . . . Often, one child would attach himself to me—maybe going off for a few minutes but always coming back to say a few words . . . point to a shoe that needed tying . . . or show me his tummy.
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> The teacher watching the children tried her hardest, ad-libbing her way from one activity to the next. She put on a record and started to dance. One little blond boy started dancing along with her. A few others joined the group. Five or six gathered by some swinging cabinet doors that formed the partition between the play area and the rest of the room. One little girl sat by herself, crying softly in the corner. The rest wandered around. . . .
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> She gave up records then and tried reading a story. The same few eager dancers moved right in to listen, while the rest kept on swinging on the cabinet doors or aimlessly wandering. The little girl was still crying in her corner. After a short story, the teacher opened the large cabinet and pulled out some puppets. This immediately attracted the largest crowd of the morning. All but a few rushed right over to watch the show. But the brilliance of the idea dimmed after several moments. As her impromptu story line weakened, the toddlers drifted back to their swinging doors and wandering, shuffling their feet, chasing back and forth. . . .
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> Here as at other centers I visited, you could almost feel the morning driving itself toward the grand finale—lunch.

In a day-care setting there is much rigidity and few surprises—standardization is the key to efficiency. There is even a uniform emotional environment, with scant room for individual expression; Fallows describes it as a constant "on" atmosphere, where charged hubbub leaves little time for children to muse, and where the pressure of numbers pushes even gentle and reserved children to react constantly.

Grace saying, coat donning, one-at-a-time hand washing—these become exhausting trials in depersonalization. Fallows gives wrenching descriptions of children referred to as "hey little girl," of activities that cater to the group average but leave the quiet children behind. She describes desperate notes sent in with youngsters by their parents pleading for extra attention and special comfort. There is much tedium, much bewilderment, many unconsoled tears, tired teachers doing what they can to get by, a lack of individualization in the best cases, no one really caring in the worst.

Wandering Aimlessly

While day-care provided in homes tends to be less impersonal than the center-based variety, it also has many problems. For one, there will never be enough individuals willing to take children into their homes, or to go to other people's houses, to accommodate the demand. It is most often the elderly, young girls, and illegal immigrants who are willing to accept such a role today. And, although home-based care has the potential to be the healthiest kind for children, it is also where the most dangerous abuses occur. Conditions are extremely uneven and often difficult to assess.

Writer and mother Linda Burton encountered some of these problems when she began searching for home-based day-care:

> In one instance, I found the "absolutely marvelous" family day-care provider, recommended by trusted friends, sleeping on her sofa while eleven children (she had informed me that she only cared for five children) wandered aimlessly around in front of the blaring TV. Another time, on an unannounced visit, I found that the "highly recommended" licensed day-care provider confined seven preschoolers to her tiny dining room. I found them huddled together, leaning over a barricade to watch a TV program showing in the adjacent room.

These are not unusual experiences. One hears similar tales constantly when talking with parents today. Advocates say that quality-of-care problems could be eliminated just by requiring more licensing of day-care providers. The problem is, there are already lots of fully regulated—and fully disappointing—homes and centers out there.

The researchers concluded that many infants interpret repeated daily separations from their working mother as rejection, which they cope with by "avoidance."

Even the gold standard of day-care—a nanny-type arrangement in the child's own home—has serious problems. The most common is frequent turnover among caregivers, which can cause emotional disruptions for the child.

More fundamentally, it appears that whether the day-care takes place in a center, a private house, or at home, the risks to the child's intellectual and emotional development are not terribly different. The latest research confirms that serious problems can arise anytime one substitutes a paid relationship for the natural parent-child bond.

The Evidence Against

Research on substitute parenting's effects on children is notoriously thin. The pioneering work was done by the English psychologist John Bowlby after World War II. He found that war orphans raised in institutions with good physical conditions but relatively little love or personal attention were badly stunted by the experience. These findings startled authorities, but based as they were on complete rather than partial parental deprivation, they were not applied directly to day-care.

When, in the mid-1960s, demand for day-care began to rise, a quick flurry of studies suggested that nonparental care did children no harm and might actually be good for children in deprived environments. But, as the field began to mature and a younger generation of more agnostic investigators took over from the true believing pioneers, revisionist schools began to spring up.

Today, there are still relatively few good long-term studies, and research remains biased toward the best centers. As one professor puts it, "the lousy centers won't let a researcher near the place." And like so much social science investigation, there is always the risk of confusing the quantifiable with the significant. Much of what we need to know in this area is very hard to measure. But we are beginning to get some more sophisticated research. And it is no longer clear that day-care is good, or even neutral in its effects. Quite the contrary.

Belsky's About-Face

Child psychologist Jay Belsky of Pennsylvania State University, coauthor of the definitive review of the 1970s research, was viewed as one of the nation's leading defenders of full-time day-care for most of the last decade. Then in September, 1986, he published a landmark article in the bulletin of the National Center for Clinical Infant Programs that expressed serious concern over a "slow, steady trickle" of accumulating evidence that contradicted the view that day-care did not affect child development. The more recent studies, Belsky pointed out, looked more closely at such factors as age, gender, and amount of time spent separated from parents, and focused more on typical care-givers than earlier studies had. And they showed, Belsky said, two worrisome trends.

First, when babies less than one year old are placed in day-care, many of them develop weak and insecure bonds with their parents, bonds that are crucial to intellectual and emotional development. Weak parental bonds were found in poor children and upper-middle-class children in day-care, in children who attended good centers and bad centers, and in children who had high quality nanny-type care in their own home. "Whether it's a day-care center or a baby-sitter doesn't seem to matter," Belsky reports. Second, several different follow-up studies of children up to 10 years old show that among those with a record of early nonparental care there is more serious aggression—kicking, fighting—less cooperation, less tolerance of frustration, more misbehavior, and a pattern of social withdrawal.

Given his high profile, sterling credentials, and history of day-care advocacy, Belsky's review touched off a massive controversy, with rebuttals from some academics and heated attacks from feminists and day-care partisans. Belsky followed it up with a new study of his own, which found that nearly half of the children who started 20 hours a week or more of substitute care before they were one year old developed noticeably insecure attachments to their mothers, as measured by a standard scored psychological test. Belsky now urges that, if at all possible, a parent stay home with children less than two years old, and calls for government help to make that easier.

Even children in extremely expensive in-home care are at risk. A study by psychiatrist Peter Barglow of Michael Reese Hospital in Chicago and colleagues examined 110 children of affluent intact families. Half were cared for full-time by a parent, half had stable, high quality in-home caretakers because both parents worked. The hired care began at eight months or earlier. Half of the substitute care infants developed only weak attachments to their mothers. The researchers concluded that many infants interpret repeated daily separations from their working mother as rejection, which they cope with by "avoidance," or turning off what has become painful. "Is the mother by far the best caretaker for the child in the first year?" asks Barglow. "We think probably yes."

Another study of five to six year olds who had spent part of their first years at the University of North Carolina's highly regarded day care center found them more likely to hit, push, kick, threaten, swear, and argue than their parent-raised counterparts. UNC psychologist Ron Haskins described the 1985 findings as "a caution light."

The argument is hardly closed. Some long time defenders such as Jerome Kagan continue to claim that day-care's effects on children are neutral. But clearly the findings of the last few years give reason to hesitate in our headlong plunge toward child-raising by hire.

Warnings from the Experts

The recent research casting doubt on day-care is consistent with the views of pediatricians, child psychologists, and educational theorists. Among such child specialists, there has long been broad sentiment that any significant amount of nonparental care for very young children is unhealthy and to be avoided where possible. According to psychologist Claire Etaugh (a day-care advocate), of the 20 most influential child care books published in the 1970s, only seven approve even grudgingly of both parents working while they have young children.

Penelope Leach, the British psychologist and author of perhaps the most influential child-raising handbook in America at the moment, *Your Baby and Child*, is a leading opponent of the trans-Atlantic trend toward mothers leaving their small children to go off to jobs. She speaks out regularly against group care for the very young, insisting that babies need the concentrated attention of their parents for at least two years. Someone caring for a child out of love will do a better job than someone doing it for pay, she argues, and social arrangements should aim to make full-time parenting easier.

Dr. Benjamin Spock has for years opposed infant day-care. Despite a good deal of backtracking in successive editions of *Baby and Child Care* in response to criticism from feminists, he still points out that "even at six months babies will become seriously depressed, losing their smile, their appetite, their interest in things and people, if the parent who has cared for them disappears. . . . Small children . . . may lose some of their capacity to love or trust deeply, as if it's too painful to be disappointed again and again." He adds, "It is stressful to children to have to cope with groups, with strangers, with people outside the family. That has emotional effects, and, if the deprivation of security is at all marked, it will have intellectual effects, too." Until a child is three, Spock now argues, he needs individualized care from the same person. Only in certain cases where the day-care fits that description fully can it substitute "pretty well" for parental care.

"I would not think of putting a child of my own into any substitute care program on a full-time basis, especially a center-based program."

—Burton White

Burton White, the renowned educational psychologist and director of the Harvard Preschool Project, has also written explicitly on the subject of nonparental care. "After more than 20 years of research on how children develop well," he says, "I would not think of putting a child of my own into any substitute care program on a full-time basis, especially a center-based program." He suggests that parents not use substitute care at all except for occasional baby-sitting during the first six months of a child's life. From six months to three years of age, White says, the parent can use some part-time child-care, but the child should spend most of his waking time with a parent or grandparent. He concludes, "Unless you have a very good reason, I urge you not to delegate the primary child-rearing task to anyone else during your child's first three years of life. . . . Babies form their first human attachment only once. Babies begin to learn language only once. . . . The outcomes of these processes play a major role in shaping the future of each new child."

Child psychologist Lee Salk argues that "no one can replace the mother if she must work." Educational theorist Selma Fraiberg says that regular absences by the mother are damaging for children under three. Only from ages three to six, she states, can most children profit from a half day in high-quality group care. But even then, she writes, "There is a consensus among preschool educators that the benefits of a good preschool program diminish or are even cancelled when the school day is prolonged to six hours or beyond."

The medical establishment, too, has voiced reservations about day-care. The American Medical Association warned in 1983 that day-care centers—where drooling, diapered, toy-sucking infants put their fingers in their mouths an average of every three minutes—were becoming dangerous sources of infections and disease. According to the Centers for Disease Control and other authorities day-care centers are responsible for rising levels of diarrhea, dysentery, giardiasis, epidemic jaundice, hepatitis A, infectious diseases of the inner ear, and cytomegalovirus (CMV) infection.

Many of the germs thus met would eventually have entered the child's system anyway at a later age. But given that a baby's immune system is not well developed until the third month, and not fully effective until about age two, early exposure can be risky. (And if CMV is brought home to a pregnant mother it can be very dangerous.) The standing recommendation of the American Academy of Pediatrics and the Centers for Disease Control is that all children under two should be cared for only with their siblings. When that is impossible, they recommend that no more than six children, from no more than three families, be grouped together.

Even the gold standard of day-care—a nanny-type arrangement in the child's own home—has serious problems. The most common is frequent turnover among caregivers, which can cause emotional disruptions for the child.

The Magic Bullet

At some point in the 1960's or '70s, American parents were promised a magic bullet that would make day care workable. "Quality time," it was called. It didn't matter how much time you spent with your child, the argument went, so long as what time you did spend was "quality."

In their recently published book *Quality Parenting*, Linda Albert and Michael Popkin assure parents that they can "transform ordinary moments into encounters that, like a healthy diet high in natural foods and vitamins, sustain kids throughout the day when you have to be busy elsewhere."

This runs against all credibility. Anyone who denies that time, physical presence, and intensive one-on-one nurture are important to children denies every truism of human development research.

It is particularly ironic today, when parents are otherwise so receptive to the idea that small attentions early in life can make a large difference. The emphasis on starting out right leads many couples to insist on natural childbirth. Nearly every modern parent considers it essential to hold their baby in the first minutes after birth, lest he "bond" to an incubator instead of a human. Some maintain that the first day, or first six weeks, or first four months (depending on your guru) are an absolutely critical period for establishing parent-child ties. Yet some of these same parents then hand their still-pink infant for most of his waking hours to someone they're paying $5 an hour.

Some of us have been convinced that it is not necessary to actually talk to, hold, cuddle, teach, and comfort our babies ourselves. We parents will just pick out the activities and the setting, the clothes, toys, schedule, and diet. We will set the *tone* for the child's life, while leaving most of the actual rearing to our sitters and housekeepers.

New Skills for Old Love

Though experts tell us there is no substitute for parental time and attention, conscientious day-care providers do try to compensate. Most caretakers insist they're "not just baby-sitting," but providing valuable training. In impressive clinical language, directors describe their attention to "gross and fine motor skills," to "good self-concept," and "enhanced creativity."

Day-care children, to be sure, often start out ahead of their home-raised peers in things like knowing the alphabet when they begin kindergarten. But does this amount to anything? Kids under age four, experts tell us, are not capable of much "achievement." In fact, formal education in those years can actually do harm, particularly if it is demanding or competitive. Many authorities now say that until a youngster is about five, little more than creative play ought to be solicited from him.

When children are young, it is important that their environment comply to their needs, rather than the reverse. Fraiberg points out in *The Magic Years* that "it is only in the minds of adults that childhood is a paradise, a time of innocence and serene joy." In truth, she says, the early years are often full of fearful puzzles. What the young want, urgently need, is not education, but the affection and unhurried attention of their parents.

Of course, love is not easily bought. Institutions can't hope to offer it. Only in a few rare instances can extraordinary individuals offer a child in day care this love and personal attention he craves. A majority of caretakers are conscientious, and try to substitute for the missing parents, but fail anyway, for any number of reasons. One problem is sheer numbers—a single caretaker typically looks after from four to 15 children, depending on their age and the setting.

Another is continuity. Child developmentalists tell us that rapid shuffling of guardians is extremely traumatizing to a small child. (That is, until they learn not to get attached to any care giver.) If a child is unable to develop secure adult attachments in the first three or four years, he can grow up simply not caring for anyone's approval and lacking any sense of accountability. Yet it is not uncommon for parents to change child-care providers two or three times a year (bad experience, sickness, child gets too old for that group, etc.).

Even if the parents and child stay put, the provider may move out from underneath them. The average child-care program in New York state has a 40 percent annual turnover rate among its teachers. Many parents have found an acceptable care provider after a long search only to lose her. Left for a new job. Got married. Deported by the immigration service. Au pair goes home.

But the deepest problem with paid child-rearing is that someone is being asked to do for money what very few of us are able to do for any reason other than love. Competent and safe baby sitting, that is not so hard to hire. What will always be difficult is finding people who feel such affinity with the child that they will go out of their way to do the tiny precious things that make children thrive—giving a reason why rather than just saying no, rewarding a small triumph with a joyful expression, risking a tantrum to correct a small habit that could be overlooked but would be better resolved, showering unqualified devotion.

Ultimately, a child and a paid caretaker don't really share very much. Their relationship is commercial, temporary, practical. As one woman, a professional social worker who tended a friend's child in her home along with her own daughter, admitted to *Parenting* magazine, "I cuddle and kiss and hug this child, but the feeling is just not there." The experience of taking care of another woman's baby has convinced her that "nobody is going to provide my child with as much love as I can." The truth is, it is unfair to dutiful day-care providers to hold them to parental standards of child-rearing. A child and a parent are bound eternally by blood and destiny. A day-care worker is doing a job. If he or she manages simply to be a kind friend to the youngster and a reliable guardian of his safety, that is all anyone ought to expect. Giving the child the rest of what he needs—a self image, a moral standard, life ambitions, and a sense of permanent love—is too much to ask of anyone other than the parents.

Mothers Emulating Fathers

For years, one of the most cogent criticisms of American sex roles and economic arrangements has been the argument that many fathers get so wrapped up in earning and doing at the workplace that they become dehumanized, losing interest in the intimate joys of family life and failing to participate fairly in domestic responsibilities. Now it appears that workaholism and family dereliction have become equal opportunity diseases, striking mothers as much as fathers. At a recent conference on children, day-care campaigner Sylvia Hewlett told an anecdote about her efforts to convince the national accounting firm Arthur Andersen to institute a day-care policy because 40 percent of Andersen's professionals are women. Nearly all of these women, Hewlett pointed out, work "60 hours a week." It is essential, she argued, that programs be put into place so that after delivering their babies these hardworking employees can keep on in their jobs just as before. Apparently, Arthur Andersen's executives saw the business value in the plan and accepted her proposal. But what kind of human society are we becoming when we encourage new parents to hold "60-hour-a-week" jobs?

One of the giant obstacles to good day-care ever being more than a happy exception is that while all parents *want* good quality child-care, far fewer are willing to provide it. Linda Burton describes the moment she recognized the root of the dilemma:

> While I—and most of my friends—were saying our minds were "too good" to stay at home and raise our children, none of us ever asked the question, "Then what sorts of minds *should* be raising our children—minds that were *not* very good?"
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> My carefully worded advertisements for child-care literally came back to haunt me. . . . I wanted someone who would encourage my children's creativity, take them on interesting outings, answer all their little questions, and rock them to sleep. I wanted someone who would be a "part of the family."
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> Slowly, painfully, after really thinking about what I wanted for my children and rewriting advertisement after advertisement, I came to the stunning realization that the person I was looking for was right under my nose. I had been desperately trying to hire me.

"Even at six months babies will become seriously depressed, losing their smile, their appetite, their interest in things and people if the parent who has cared for them disappears."

—Benjamin Spock

The quest for a humane child-rearing system is more than an engineering problem. It is a values problem. So long as we continue to debase parenting, only the debased will be willing to take it on. So long as people perversely want what they are not willing themselves to give, there can be no solution. The only way out of the natural shortage of good child-care is for every parent to devote more of his own time to his children, instead of hunting frantically, and quixotically, for more and better hired care.

Backdoor Networks

There is presently a broad consensus that women as much as men thrive when they are able to take a wide, active role in the world. Increased female education and employment are, on the whole, powerful and positive developments in American life.

But whatever expansive new roles women have taken on in the last three or four decades, they are emphatically *not* interested in relinquishing the old ones. Women still want husbands and they still want to be mothers. They are taking on heavy added responsibilities without rejecting

Penelope Leach wants allowances from the state for parents who stay at home to raise their small children.

their traditional imperatives. Unfortunately, the experiment in forging new roles for women has taken place (not coincidentally) in one of the most self-interested eras in American history (the "me decades"). Rising egoism is compounded by a simultaneous collapse of traditional systems of parental burden sharing. Often inadvertently, we have kicked out a lot of the social supports that used to undergird child-raising in this country—decent public schools in the cities, strong "backdoor" networks among parents, extended families and relatives nearby to help out, a safe public environment that allowed children to play outdoors without supervision. While the rise of substitute parenting on a mass scale in some ways signals a socialization or public takeover of the structure of parenting, on a deeper level the last decades have seen a sharp and unhealthy privatization of child-rearing responsibilities. We have to a large extent washed our hands of the idea of children as a common treasure.

Surveys show a tremendous decline since the 1950s in the social prestige accorded to parents. Most parents still find the personal satisfactions tangible, immediate, even overwhelming. But with collective approval and cultural rewards evaporating, rearing a child is on one level much less satisfying than it once was, for women in particular. Today, women are more likely to be admired and appreciated for launching a catchy new ad campaign for toothpaste than they are for nurturing and shaping an original personality.

The past three decades have also brought widespread abandonment of children by their fathers—an era of high illegitimacy and extensive no-fault divorce. Many mothers at some point face economic demands with no spouse present. As a result, some are understandably reluctant to endanger their job market value by partly or temporarily withdrawing from the labor force. Meanwhile, most fathers remain unwilling to stay home with their young children, and few absent fathers pay adequate child support.

How to Stay at Home

We know that children benefit greatly—intellectually and emotionally—from parental attention. There is no "sound barrier," no moment when children suddenly stop needing their mothers and fathers. But at a minimum, experts counsel, we ought to aim for a situation where one or the other parent is devoting most of his time to the child until he is about three years old.

That could mean parents working at staggered intervals and alternating at child-care. More likely, it will lead to one parent working full-time and one working irregularly or not at all until the child enters part-time nursery school or kindergarten. (Which there is no reason to discourage. It appears that once they are about three, most children can benefit from the socialization of a few hours of nursery school two or three times a week.) The practice that many American parents already follow—incrementally increasing their participation in the paid labor force as the youngest child begins attending some school—seems to be sound. Parents and children both can benefit from an increase in family income. If parents find work stimulating, their satisfaction and confidence will overflow into the family. But these benefits disappear if work begins to cut into the child's time at home.

It will not be particularly easy for all families to work out, but to the extent we can assist, educate, enjoin, accommodate, and inform, we ought to work toward a policy of maximal parental care in the preschool years. In fact, that is what we still have in a majority of families. Figures from the Bureau of Labor Statistics show that today 55 percent of all mothers with children under three are not working. And of those who do work, one-third work only part-time. Moreover, some of the full-timers work only seasonally or part of the year. The bottom line: despite sharp increases in female labor force participation, three out of four mothers with young children still either do not work at all or work only part-time or seasonally. Despite the pressures, most Americans still think it is important to arrange their lives so that they can be with their children when they are very young.

Second-Choice Solutions

For reasons most parents already sense, paid day-care ought to be a distinct second choice, and group day-care in institutions a last alternative. For some children, day-care seems satisfactory. But few youngsters thrive in it, and some very large fraction—quite possibly most—are stunted in some way if they are forced to spend more than a few hours a day in their early years in nonparental care. Where full-time day-care can't be eliminated, we at least ought to shorten its duration (for instance by working shorter hours, using caretakers close to home or job site, or having parents stagger their times of employment so that one can drop off the child late and the other pick him up early). And the longer nonparental care can be delayed, the less likely it is to do harm.

Having a child cared for in the home of a friend or neighbor is usually preferable to a center, because the setting is more familial and the care is usually more personal and less rigidly structured. Having a relative come into your own home is even better. The setting is familiar to the child, and a grandparent or aunt or cousin, while not a parent, is at least a familiar, permanent presence in the child's life, strongly tied to the parents, and someone from whom a warmer than normal level of concern can be expected. No doubt, hired day-care will always exist as a necessary evil used by some hopefully small number of parents. But owing to its inherent and intractable disadvantages, public policies ought to avoid as a matter of principle any endorsement or subsidization of full-time nonparental care for infants and toddlers.

Public Policy Changes

We instead ought to offer substantial new assistance to those—particularly single mothers and low-income married couples—who feel they have little alternative to placing their children in group care. Single parents are the group with the meagerest financial condition, the least choice in the structuring of their home arrangements. Yet 64 percent of divorced, widowed, separated, and unmarried mothers stay at home with their children while they are under three. (Another 9 percent work only part-time.) Many scrape along living with relatives, collecting child support, drawing on Social Security and AFDC, and consuming savings until the child is old enough for the mother to work.

We ought to change the laws and habits that prevent many parents who would like to from working at home. Writer Nancy Pearcey points out that, once, "the home was the center of society, both socially and economically. A woman could raise a family and still take part in other interesting activities . . . because they took place in or near the home." After industrialization, however, the home was reduced to a passive adjunct. Woman's role was reduced, while man's role was enhanced by the development of the money economy.

Thanks to new technology and services, the rebirth and refinement of domestic industry is both possible and desirable. Whether in business for oneself, doing piece work on contract, or connected to an office by computer modem, there is much productive, interesting, and well-paying work that can now be done easily at home. We ought to stop sacrificing the needs of parents and children to the special interests of trade unions (who oppose home work) and some employers, and repeal the antiquated provisions that inhibit further decentralization of the workplace.

We also ought to relieve the tax burden on parents who opt to stay home with their children. Larger exemptions for young children and for caretaking expenses should be considered. And the bias that forbids nonworkers from making as big a tax-free contribution to their IRA as workers are allowed should be rectified.

We should encourage employers to institute more flex-

time, good part-time employment, job sharing, and "take out" work, so that parents who work can arrange their schedules to spend more time with their children. Part-time working parents make excellent, responsible employees, and, entering an era of critical labor shortages, it is in the interest of companies as well as workers to bring these talented individuals into the labor force on their terms. A more fluid, less rigid job market, which has been evolving in this country for years anyway, will improve both efficiency and worker satisfaction.

Today, women are more likely to be admired and appreciated for launching a catchy new ad campaign for toothpaste than they are for nurturing and shaping an original personality.

We ought to support other forms of family care for children, for instance by grandparents. Perhaps tax credits could be allowed for parents who want to house a grandparent or other relative who would care for the child. Perhaps most important, fathers as much as mothers ought to feel responsible for daily supervision and guidance of their children, as they are slowly beginning to.

More Ambitious Proposals

Some call for more ambitious programs that would establish a system of comprehensive support for all parents. Penelope Leach argues that the early years of child-care should be treated as a distinct phase of life, as education and retirement are treated, and that a parent who stays at home to raise a young child should receive an allowance from the state. She has called for a program that would allow one parent to stay home full-time through the child's first two years, then provide retraining to assist a gradual return to work if desired.

Allan Carlson of the Rockford Institute proposes that we improve our economic treatment of parents. He calls for four alterations of tax and social policy: doubling the tax exemption for children only, providing a $600 annual tax credit for each child, as well as an extra $600 allowance in the year of a child's birth, and converting the current child-care credit into a universal $500 credit available to all parents, whether they pay for care or provide it themselves. For a married couple, for example, with three small children and an income of $25,000, this plan would allow them to retain up to $4,300 more of their earned income.

This program shifts the tax burden away from families with young children and toward individuals without child-raising responsibilities, returning us to the conditions of the post-World War II era, when families were largely exempt from taxation. Its revenue costs could be manipulated within a broad range, for instance by altering the age at which children no longer qualify.

Damage by Day-Care Lobby

Today, all of the aggressive efforts of the increasingly powerful day-care lobby head in the wrong direction. Day-care activists insist that encouraging new parents to stay at home is "absurd." Working parents are "a reality." Stay-at-home parents are "dinosaurs."

The advocates implicitly discourage the form of day-care that is least likely to be harmful—informal care in a neighbor's or friend's home—on the grounds that it is not standardized and regulated, not professional enough. The fundamental push of day-care advocacy today is away from the personal, the small, and the impromptu and toward the big, regulated, fluorescent-lit "young age homes" run by professional baby-sitters. This is the only way to make universal social parenting possible, and it is the strategy that currently has the political momentum.

Of course, these centers, while varying widely from worst to better, are the places least likely to give children what they need. Common sense and empirical research both bear that out. But all existing bonuses, options, and subsidies push in their direction. For instance, our current child-care tax credit (line 40 on form 1040) costs about $3 billion annually. But it can be claimed only by people who pay others to provide the care. It cannot be claimed by parental care givers. In addition to being blatantly discriminatory and regressive (it is a transfer from stay-at-home parents, who have lower average income, to working parents, who are richer), it is very bad policy for children.

Rather than further subsidizing substitute parenting, with its many risks, we ought to endeavor to open new options for the large number of Americans who would like to raise their own children. Put the help, and encouragement, and dollars on the side of children and parents, not institutions and bureaucrats.

Certainly, raising children produces its share of frustrations and fatigue. It is a demanding task. And without extra doses of time alone, conversation, and adult stimulation, stay-at-home parents can come to feel isolated. But raising children is also one of life's most varied and humane undertakings. It forces us to face our own mortality, the implications of our ethics, our own deepest hopes.

Yes, there will be difficulties. But there are compensations: more secure children, happier parents, a healthier society. The requisite changes are well within our capabilities; all we need is to be convinced they are worthwhile. They demand some hard but necessary choices that go to the very core of what it means to be a parent, and a citizen: deciding that we are not going to live only for ourselves, for our short-run prosperity and material advancement. That we can, and yes, want to, participate spiritually in the future of our culture. That raising a child by our own code and ethics is both a worthy goal and a profoundly rewarding undertaking.

Mr. **Kildee**. Thank you, Mr. Zinsmeister.

Dr. Richard Clifford.

STATEMENT OF DR. RICHARD M. CLIFFORD, BUSCH INSTITUTE FOR CHILD AND FAMILY POLICY, UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

Mr. **Clifford**. Thank you.

My name is Dick Clifford, and I'm from the Busch Institute for Family Policy at the University of North Carolina. I'm delighted to be here today to talk about the issues of high-quality preschool programs for children in America.

There are five points that I want to make, and I've tried to give each one of them one minute.

First, there is a large and growing need for child care in America. I think we've talked about that already, and I'll come back to it.

Second, parents want high-quality programs for their children. Nobody's really talked too much about what parents want, here, in terms of high quality.

Third, high quality programs are good for children. I disagree with Mr. Zinsmeister, and I'll talk a little bit about that in a minute.

Fourth, high quality programs are expensive, and subsidies are required for many families. When I talk about that, I'd like to reemphasize some of those points.

Finally, adequate standards and monitoring are essential to ensuring access to high-quality programs.

Number one, the need for child care.

I know that numerous speakers at the previous hearing spoke about the continuing need for child care in America. One would say that women are in the work force to stay. Our economy depends on them, especially with the restriction in the labor force in the coming years, and we'll continue to see increases in the need for child care.

We talked earlier about the need for increases in child care, and whether we're going to need more slots in child care. People forget that the work force has been increasing consistently over about the last 20 years, and shows no signs of not continuing to increase. We're going to need more child care, and we need child care now.

Second, parents want high quality programs. Parents need and want good programs for their young children. In a survey of some 1,000 parents registering their children for kindergarten in North Carolina, we asked them why they chose the program their child was in. The reasons they gave us for choosing child care was that they were looking for a setting that was good for child development, a setting in which their child would be happy, and one in which the person caring for their children was experienced.

These reasons were chosen most frequently by parents regardless of family income, race, or marital status. The parents are saying that they want high-quality programs.

Third, high-quality programs are good for our children. There is really a large and growing literature which exists on the importance of quality pre-school programs for social and cognitive development of our young children. I didn't come prepared to get into an argument about—and I'm not a psychologist—the strange situation item that is used to say that child care is not good for infants.

But I think that a careful review of the literature would show you that this does not support a broad concern for children who enter child care above 1 year of age. This debate centers almost exclusively around infant child care. The primary spokesperson on that has been active in the development of ABC, served on their research and advisory committee on the Act for Better Child Care, and has been intimately involved in this process.

I don't think he or any of the spokespeople are advocating that we do away with child care in America.

Next, child care is expensive. That's the one thing that I think we can agree on here, if there's anything that we've heard agreement on. High-quality care is especially expensive. Take center based care as an example.

In a paper I recently presented at the American Educational Research Association, I estimated that typical child care costs in center based settings cost about $3,000 on the average for full-time care for a single child.

If we are going to increase quality, that price is going to go up. As an aside here, the figures from the Census Bureau of $1,200 per child per year—I'm not quite sure where that comes from. To me, it looks like it's slightly more expensive than that—about $1,400 per year for relative care, not just for out of home care but in family day care.

Family day care by a non-relative costs about $2,000 per year, which is roughly the same as center or group-based child care. That is not for full-time care, of course.

In a similar study done by Sandy Hofferth on the longitudinal survey of their use, very similar figures were found. The average weekly cost was $38 per week, but that was not for full time care, but for 30 hours per week, on the average.

Many families in America who need full-time care need it for 40 or 50 hours per week, because of their work arrangements.

Child care costs must be subsidized. Governments at the Federal, State and local levels will have to subsidize care for many families. The private sector also must play a role. We really haven't heard too much about the private sector today.

Parents of young children themselves are very young. Many of them are at the beginning of their careers and thus at the low point of family income, but they are faced with this large expenditure to ensure the well-being of their young children.

The example that I like to use most frequently in North Carolina is that I have a son who is a sophomore at North Carolina State, studying engineering. It costs me less to send him to North Carolina State, which is heavily subsidized by the State, than it would for me to send him to child care.

Now, I'm not facing that cost at the beginning of my career—I'm a little bit beyond that. If we adjusted what I paid for his child care when he was in there—and that's really when I got interested in child care—I was paying $140 a week for child care for him, back—he's now almost 20. When he was three, I was paying $140 a week, because I wanted high-quality child care.

It's unrealistic to expect that these young parents can pay the true cost of child care. There are going to be some who will make a real sacrifice, but it's unrealistic to think that most families are going to be able to make that sacrifice and provide high-quality child care.

Another group that we've forgotten in terms of who's paying for child care are the child care workers. A colleague of mine, Susan Russell, did an analysis of child care in Chapel Hill, North Carolina, and she found that the primary people who were subsidizing child care were the people who were working in child care—not anyone else.

This can't go on forever. We've talked about the turnover rate in child care, and all of the attendant complications of both people with very little or no training working in child care. That's not going to change unless we improve salaries in child care.

Failure to provide good programs has many costs, and we haven't talked too much about the cost of not providing good programs. From what we know about what good programs do—they reduce placement in special education, the likelihood of retention in grade—we know that there are savings in providing good programs. We know that if you don't provide good programs, there are going to be costs that we'll pay for later.

In fact, we are paying for those now.

Perhaps most importantly, from my own experience in working in child care centers all across the United States and to some degree overseas, children in low quality programs are simply not happy. Our children have a right to be happy.

Improved regulation is required. This is my last point. While high-quality care is expensive, we can't assume that expensive care is of high quality. We know that the quality of care varies dramatically across the United States.

For example, a single care give in a day care center can care for a maximum of three infants in some States, and a maximum of eight infants in another State. I don't think there is any reputable child care professional in America who would tell you that you could provide high quality care for eight infants with one caregiver.

Now, we may quibble a little over whether three is better than four, or four better than five, but there's no doubt from the professionals in America that eight infants with one caregiver is not good for children.

In a study that Susan Russell and I conducted in North Carolina, we found that child care centers with high standards and frequent monitoring were only one-fifth as likely to have child abuse and neglect complaints lodged against them, as were centers meeting the minimum State requirements.

We know that regulation can make a difference in the lives of these young children and in the lives of their families. State Governments need guidance and financial assistance in planning and improving standards and monitoring. Regulation really has those two pieces to it.

It involves standards that are reasonable and monitoring to make sure those standards are improved.

Another example of this relationship between monitoring and quality care—there was a study in Pennsylvania on the degree to which centers were complying to the regulations in Pennsylvania. A clear relationship between the quality of the learning environment for kids and compliance to regulations was found, up to about a point with 90-percent compliance. It's interesting that when you went beyond 90-percent—to where they were overly concerned about dotting the i's and crossing the t's—the quality dropped offer very slightly. But up to 90 percent compliance showed that there was a clear relationship between quality in environment and compliance.

In summary, let me say that based on my own work and that of many other researchers across the country, we know that child care must be and can be improved. It's going to take a major commitment from Government as well as from families of young children to bring about this improvement.

In order to ensure the well-being of our youngest citizens and their families—and of our Nation—we must make high-quality care available for all of our young children who need it.

Better child care provides our Federal Government an opportunity to make a major difference in the lives of young children and their families.

Thank you.

[The prepared statement of Richard M. Clifford follows:]

STATEMENT
RESPECTFULLY SUBMITTED
TO THE
SUBCOMMITTEE ON HUMAN RESOURCES
U.S. HOUSE OF REPRESENTATIVES

Presented by

Richard M. Clifford, Associate Director

Bush Institute for Child and Family Policy
Frank Porter Graham Child Development Center
University of North Carolina at Chapel Hill

April 21, 1988

Mr. Chairman and members of the committee. My name is Dick Clifford. I am Associate Director of the Bush Institute for Child and Family Policy at the Frank Porter Graham Child Development Center at the University of North Carolina at Chapel Hill. I am delighted to be here today to discuss the issue of high quality programs for preschool-aged children in America.

There are 5 points that I want to make today:

1. There is a large and growing need for child care in America.
2. Parents want high quality programs for their children.
3. High quality programs are good for children.
4. High quality programs are expensive and subsidies are required for many families.
5. Adequate standards and monitoring are essential for insuring access to high quality programs.

Need for child care. I know that numerous speakers at your previous hearing spoke of the continually growing need for child care in America. My home state is a particularly heavy user of out of home care for young children because of our heavy dependence on female labor force participation in textiles, apparel and furniture industries. At the Bush Center, we conducted a survey of some 1000 parents registering their children for kindergarten in three school districts in North Carolina in the spring of 1986 . Nearly two thirds of the mothers of these children were working during the year before their child entered kindergarten. A total of 75% of the children were in some kind of non-parental child care or education arrangement that year (Clifford, 1987). It is a reality of life in North Carolina, and in the US as a whole, that preschool-aged children are in out-of-home care for major portions of their lives.

Parents want high quality programs. Parents need and want good programs for their young children. When we asked them why they chose the program their child was in, they gave three reasons most frequently:

> The setting was good for the child's development
> The child was happy there, and
> The caregiver was experienced.

These reasons were chosen most frequently by parents regardless of family income, race, or marital status. The parents are saying they want high quality programs.

High quality programs are good for our children. A large and growing literature exists on the importance of quality preschool programs [for example see Schweinhart, et al, 1986; Ramey, et al, 1987; Ruopp & Travers, 1982; Lazar, et al, 1982; McCartney, Scarr, and Phillips, 1984; Phillips, et al, 1987]. Time does not permit a review of that literature here. However, it is clear that high quality programs have significant benefits for disadvantaged children in terms of success in school and in later life. The data is not as compelling for children from more advantaged families, however, high quality environments for young children appear to be related to improved cognitive and social development for all children.

Child care is expensive. High quality care is especially expensive. In a paper I presented earlier this month at the American Educational Research Association, costs for four models of preschool programs were compared (Clifford and Russell, 1988). Model I represented high quality as defined by the National Academy of Early Childhood Programs (1985). Included were salaries and benefits to attract and retain qualified staff, good staff-child ratios and group sizes and adequate resources for supplies,materials and equipment. The estimated cost for this type of program is over $5200 per child per year. Models II and III were for moderate levels of quality -- one with high quality staff but poorer child staff ratios and the other with good ratios and group sizes but poor staff pay and benefits. These moderate quality programs cost roughly $4000 per year per child. Model IV represents the status quo for center-based care, and costs approximately $3000 per year per child.

Child care costs must be subsidized. Governments - both at the federal and state/local levels -- will have to subsidize care for many families. The private sector also must play a role. Parents of young children are themselves relatively young. Many are at the very beginning of their careers, and thus at the low point of family income. Yet they are faced with this large expenditure to insure the well being of their young child. Hofferth (1988) found that on average, parents were spending about 10% of their income on child care, about what they were spending for food. However poor families were forced to spend 20-25% on child care -- about what was spent on housing. Hofferth's findings were based on much lower costs than our estimates of costs for high quality programs. It is unrealistic to expect that these young parents can pay the true cost. Private non-profit agencies such as churches are already providing a great deal of help. Day care workers are also subsidizing care through low wages and benefits. Business and industry is beginning to provide assistance. Parents pay by far the largest share of these costs. In recent years, the share of these costs paid by the federal government has decreased relative to the other sources of help to families.

While the costs of providing high quality care are relatively easy to calculate, the costs of not providing such care are more difficult to uncover. Failure to provide good programs has many costs. An increased number of children will be placed in special education and more children will be retained in grade in school. And perhaps most importantly, my own experience is that children are simply not happy in low quality programs.

Improved regulation is required. While high quality care is expensive, we cannot assume that expensive care is of high quality. We know that the quality of care varies dramatically in the US. For example a single caregiver in a day care center can care for a maximum of 3 infants in some states while in others she can care for as many as 8 without any assistance. In a study that Susan Russell and I conducted in North Carolina, we found that child care centers with high standards and frequent monitoring were only 1/5 as likely to have child abuse and neglect complaints lodged against them as were centers meeting the minimum state requirements (1987). We know that regulation can make a difference in the lives of these young children and their families. State governments need guidance and financial assistance in improving standards and monitoring.

In summary let me say that, based on my own work and that of many other researchers across the country, we know that child care must be and can be improved. It will take a major commitment from government as well as from the families of young children to bring about this improvement. In order to insure the well being of our youngest citizens and their families -- in fact for our nation -- we must make high quality care available for all of our young children. The Act for Better Child Care provides for our federal government an opportunity to make a major difference in the lives of millions of young children and their families. I encourage you to support the bill.

Mr. **Kildee**. Thank you, Mr. Clifford.

Mrs. Inez Holloman.

STATEMENT OF INEZ HOLLOMAN, HOLLOMAN CHILD DEVELOPMENT AND EDUCATION, ACCOMPANIED BY VERNON HOLLOMAN, JR.

Ms. **Holloman**. Thank you for letting me come here today.

I think that with the exception of one other person to follow on the next panel, that I am the only private provider of child care here.

I must say this, though it's not on my testimony—all day long, I felt as though I was on the operating table in the room with a lot of professionals who were going to decide whether I would live or die.

I appreciate an opportunity to speak with you this afternoon.

My son, the second generation, collaborates with me on everything I do, so he will help me out if I get into a pinch.

Thank you very much.

Mr. **Kildee**. You've very welcome.

Thank you.

Ms. **Holloman**. I came before you today as a small business entrepreneur, practicing free enterprise in child care. A representative of a group of people providing care and nurturing to children while at the same time providing jobs and generating revenues.

Most of us are too busy to create a political scene or to make a lot of noise about the fact that we care for 65 percent of America's children in child care. We have all of the problems of other small businesses—heavy regulation, high cost of insurance, unfair competition from unregulated, non-profits and governments at all levels. We do this because we chose to serve children.

Many of us contributed in the only way we knew how during the war effort in World War II and the 1940's by keeping other women's children so that they could fulfill much-needed other positions. The pay was low, and the days were long. Our working day consists of the parents' travel time to and from work.

We did this without State or Federal aid, relying on our own creative talents and personal resources to fill the needs.

I only give you this backward look to help you realize that we are as American as motherhood and apple pie. This is women helping women from other families to work.

We are marketing the thing that we do best—mothering skills, caring and doing for children. The big business of child care came about during the 1960's, the big days of women's liberation and of Title 20. All the noise began to resound with the great influx of Federal money as big businesses and Government saw a way to direct the flow of funds from Washington to themselves. We continued to care for the children.

We accepted Government's invasion into our lives and the lives of our children and families by way of inspections and regulations, announced and unannounced. We accepted the faults and the guilt of some in the industry when they failed and bore the burden of shame as if they were family.

But the parents of the children we serve—some children or grandchildren of those we cared for before—continued to seek us out and bring up their children. They know the care and the service they are receiving, and the people they are doing business with. The parents we serve come in and out of our centers daily, converse with the cooks, the teachers, the caregivers, and the children.

They do not select their child care from an information and referral sheet printed by computer. They do not go to a social service office or a public school to ask about child care. They review and select the care as they would a home, a church, or a doctor. We are indeed an extension of the family.

The vast philosophical differences in our ranks can fit the needs of any American family large or small. We provide whatever it takes to make a working family work. We provide educational training at all levels, from infant stimulation to private elementary schools. Some include dancing, music lessons, art, swimming, different sports—all combined with care and nurturing. We teach the little ones how to sit up, hold the cup, eat, walk, talk, sing, stack blocks, cut with the scissors, count beads, and yes, even read and write.

Educational professionals have long acknowledged our contributions, for children receiving child care perform very well in early school. We say no in a strong voice and give redirection with love and care. These are our children.

Though we have been, and will continue to, meet the needs and serve well, the legislation intended in Congress will do away with this segment of private enterprise in America.

It is against private enterprise and religious groups. With the influx of increased funding for Governmental care and certain nonprofits, expanded bureaucratic organizations of socialistic child care would consume the market through their budgets and their captive information and referral systems.

This is imposed by the legislation. We have had some experience with subsidized information and referral systems jockeying for the first place position when this legislation is passed. The information given out is always negative or incorrect on the proprietary centers, and there are no referrals.

The proposed legislation would blanket programming, eliminating parental choice. When one cuts the options, one eliminates choices. The parents would be told where to take their children, as many children in need of Federal assistance are now. They have no choice.

Many do not even see the centers to which their children are to be sent, since social service workers make all the arrangements.

Some of these centers receive subsidies from eight different sources and are audited by no one. I've served on a special task force commission by President Jimmy Carter for the Office of Advocacy with the Small Business Administration to investigate Government competition with small business. We printed a booklet called Government in Competition: A Threat to Small Businesses, and this information was turned in from that study.

With the programs all the same, the caregivers all trained the same, and the centers so that no philosophical differences could be expressed, we request you to review these questions. What kind of citizens would we produce? Would all of these children think alike? Would they be capable of stimulating debate?

This is something to really ponder since those children are in the center more of their waking hours than they are with their parents.

The industry does not need Federal legislation. We don't want it, and we don't seek it. Child care regulations and inspections are best left to the States. The States are more familiar with the needs of the families and the caregivers.

The State is also closer to the facility where the care is given.

Gentlemen, Federal funds in excess—my printed copy says $7 million but it's really $7 billion, I have a hard time putting billion and dollars together, for some reason [laughter] but $7 billion are disbursed annually for child care funds such as AFDC, title 20, Head Start, and the USDA Child Care Food Program. We would request your legislative talents to reform and realign these programs so as to get more of the dollars to the child and not to administration and self-serving brokerage organizations.

A big portion of a match could be required of State and local governments, as many of them buy child care completely on Federal funds.

The SBA loan program could be expanded to certify a portion for low-interest loans for start up and for remodeling child care centers, and the child care center could be given the same treatment as other small business in an economic impact zone.

Child care centers could also be included in the SBA incubators.

The proposed legislation could open the proverbial Pandora's box for child care expenses for Government and parents, as subsidized Government centers simply do not work in a cost efficient manner. There is little need to perform when you can't go broke.

The cost of care in a non-profit, subsidized center when compared to a for-profit, taxpaying center is almost twice as much, and this cost will surely rise when we are no longer around.

Subsidized centers justify this by claiming that we are not quality. We consider this an insult, not only to us but to the parents who choose our centers. They know, and they care, and these are their children.

Yes, the people I represent here today are truly America's unsung heroes and heroines, for we saw the need and we met it with loving care. We did this long ago, when Government and bureaucracy was busy at another scene, as American heroes have always done.

We ask for nothing except the freedom to perform our skill in the market without the threat of Government takeover. We live and survive by our daily performance.

The Holloman Schools are no better than the day the child had today. We cannot make exchanges nor replace bad days, for days are not ours to give. We strive to make each day a day of growing and giving, living and learning, caring and sharing, packed with good food and fun, striving to supply each child with what he or she needs for the successful pursuit of happiness.

My son has broken down the bill and if you'd like we'll go over the points that we find most harmful to the industry.

Mr. KILDEE. Thank you very much.

Do you have something to add?

Mr. HOLLOWAY. Yes.

Thank you, Mr. Chairman.

My name is Vernon Holloman, and I'm the current vice-president of the Proprietary Child Care Association of Virginia. We're also affiliated with the National Child Care Association, which represents the child care service industry, more particularly the for-profit taxpaying service industry.

We have 23 States now represented in our association.

We are collectively opposed to the ABC legislation for the following reasons. I'd like to go with this section by section. I'll paraphrase to keep it brief, Mr. Chairman.

Under section two, finding and purposes, it suggests a shortage of available child care. Our research finds that the shortage of available child care is basically localized and is not widespread. The most difficult care to find is part time care, night-time care and weekend care. This is also the least in demand. Obviously, if it's not demanded very much, the industry is not going to respond to provide it. So if you are one of those unfortunate parents who needs that type of service, it's going to be difficult for you to find.

The other section on purposes, section B2, the purpose of the bill as it states is to promote the availability and the diversity of quality child care. The bill falls far short of promoting availability and diversity, and actually discriminates against religious and for-profit taxpaying child care businesses, which provide a major portion of the child care in the United States.

Under Section Four, appropriations, which calls for expenditures of $2.5 billion, from a purely financial perspective, this is an extremely expensive measure compared to other related legislation which actually accomplishes more for the American family than this bill. We would refer you again to H.R. 3944 and S. 2187.

Under Section Six, which establishes a lead agency, and mandates that States establish added bureaucracy with the specific duties of monitoring child care activities—most States currently license and inspect child care centers and family day care homes, which fall within the licensing strata. This varies from State to State.

Families and providers don't need any further expansion of social bureaucracy. When the Virginia Department of Social Services "took over" spousal support payments, and misplaced over $1 million—ask the recipients if they are now better off with that added bureaucracy. Some of those people are still waiting to receive those spousal payments.

Section Seven mandates that States will be locked in on their child care licensing standards in addition to Federal standards crafted under this act. Many States are now actively updating and restructuring their child care standards, with the help of industry and other professionals. Families and industry would prefer that regulatory authority remain at the State level, maintaining the current level already in existence.

It is ridiculous to have such a mandate which removes all State options. I know that in Virginia, for example, the last session of our General Assembly passed House Bill 1237, which was an industry-generated bill. This established a regulatory council with industry membership as well as for-profit, non-profit, building health codes, fire, DSS—a representation across the board.

That group, that committee is a high level committee which is charged with the responsibility to write and promulgate and enforce regulations in child care. That's just one bill.

We also have a bill in our State that is again industry generated. It calls for the removal of all exemptions to regulation, which actually brings more of child care providers under State regulations. That debate has been carried over into the next session in our State.

Section Seven provides that licensing staff make unannounced inspections of no less than 20 percent of the regulated family day care homes. From our perspective, that's totally unacceptable. This means that 80 percent of the regulated homes may not be visited at all, and none of the non-regulated homes will be visited.

Mandates—Section Seven further mandates that States maintain a record of parental complaints and make them available to the general public. Now, we're not opposed to that, but complaints are not convictions. This should be justified and proven complaints. There's an awful lot of inequity in the system, and when you may have a disgruntled parent or employee filing erroneous complaints against a child care provider, that would go one some sort of public record and stay there forever. We're trying to get that changed in Virginia and elsewhere.

Under Section Eight, rules for the use of funds—funds are to be provided through grants and contracts with public and private non-profit entities. These entities may subcontract with other public and private non-profit entities. This creates a closed bureaucratic system which in fact socializes child care under the act. It also discriminates against for-profit, taxpaying providers.

Section Eight further establishes funding for eligible public schools and non-profit child care centers to maintain part day programs. Again, this further discriminates against for-profit taxpaying child care providers who also are providing the same type of services.

Section 11 establishes the Inter Agency Advisory Committee on Child Care. The States already have advisory and licensing committees to address these concerns. As far as we're concerned, it's one more added bureaucracy.

Section 12 establishes a State advisory committee on licensing. That's just another bureaucratic committee. Section 13 establishes resource and referral programs, which shall recognize only public and private non-profit entitles to serve as such.

This establishes what we call captive referrals, which are designed to funnel and direct parents and children out of the private sector and into the Government sector.

Other industries also have been fighting resource and referral, such as the durable medical goods industries, physicians and certain legal professional groups.

Advertising and the Yellow Pages of our phone director are fair, impartial, and available to all who wish to use them. It is maintained by a private concern, costing the Government nothing.

This section also discriminates against for-profit, taxpaying providers, who in some cases would like to operate their own resource and referral program.

Section 14 mandates that staff training and providers—for grants and contracts to be entered into with public agencies and again private non-profit entities to develop staff training programs. Again, this further discriminates against for-profit child care providers and organizations which currently provide ongoing staff training at no cost to Government.

I can tell you that in most of the State associations that we've recently met with—which number 23—all of those are now doing staff training or have proposals on the table to get into that.

Section 19 is a sectarian prohibition, which of course excludes all religious programs, symbols and artifacts. Many very high quality child care providers, in the for-profit and non-profit sector, offer religious programs. Grace before meals, Bible stories are part of the daily activities. Religious programs provide moral fiber that this predominantly religious nation depends on to establish the principles of honesty and integrity, and the basic appreciation and respect of life and property.

Such prohibitions may be legal for public schools where attendance is compulsory by law, but it's unreasonable for child care at which attendance is voluntary and by parental choice.

Above all Federal provisions, parental choice must not be interfered with in any legislative measure. We must continually protect the rights of parents to choose what they think is best for their children.

We'd like for you to keep competition in child care, and to keep private enterprise in child care, and protect religious programs from Government-enforced extinction.

Thank you for your time.

[The prepared statement of Inez Holloman follows:]

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REPORT TO SUB-COMMITTEE ON HUMAN RESOURCES
HOUSE OF REPRESENTATIVES, UNITED STATES CONGRESS
BY
INEZ HOLLOMAN
April 27, 1988

Inez Holloman is owner/operator of the Holloman Child Development and Education Centers on the Virginia Peninsula in the First Congressional District. She was Virginia's Small Business Person of the Year, 1978. She is a member of the Small Business Advisory Council, Region III. She was an Elected Delegate from Virginia to the 1986 White House Conference on Small Business. She is the Legislative Secretary for the Proprietary Child Care Association of Virginia.

Happiness is Holloman's

April 11, 1988

Gentlemen:

I come before you today as a Small Business Entrepreneur practicing free enterprise in the field of child care; a representative of a group of people providing care and nurturing to the children while at the same time providing jobs and generating revenue. Most of us are too busy with daily activities to create a political scene or make alot of noise about the fact that we care for 65% of the children in need of child care in America. We endure all of the problems of other small businesses: heavy regulation, high cost of insurance, unfair competition from unregulated non-profits and government at all levels.

We do this because we chose to serve children. Many of us contributed in the only way we could to the war effort during World War II in the forties by keeping other women's children so they could fill much needed positions.

The pay was low, the day long as our working day consists of the parent's work day plus travel time. We did this without State or Federal help, relying on our own creative talents and personal resources to fill the needs.

I only give you this backward look to help you realize that we are as American as Motherhood and Apple Pie. Women, helping other families to work by marketing what we do best - Mothering Skills - caring and doing for children.

The big business of child care came about during the sixties - the days of women's liberation and the great society (ALSO TITLE XX). All the noise began to resound with the great influx of federal money as big business and governments saw a way to direct the flow of funds from Washington to themselves. We continued to care for the children. We accepted government invasion into our lives and the lives of the children's families by way of regulation and inspections, announced and unannounced. We accepted the fault and the guilt of some in the industry when they failed or went awry and bore the burden of shame as if they were family. But the parents of the children we serve, some children are the grandchildren of the children we cared for many years ago, continue to seek us out and bring us their children. They know the care and service they are receiving and the people they are doing business with. The parents we serve come in and out of our center daily, converse with the cook, teachers, caregivers, and children. They do not select child care from an information sheet printed out by a computer. They do not go to a Social Service Office or a Public School to ask about child care, but review and select the care as they would a home, a church, or a doctor. For we are indeed an extension of the family and the vast philosophical differences in our ranks can suit the needs of any American family, large or small.

We porvide whatever it takes to make a working family work. We provide educational training at all levels from infant stimulation to private elementary school. Some include dancing, music lessons, art, swimming, different sports, all combined with care and nurturing. We teach the little ones to sit up, hold a cup, eat, walk, talk, sing, stack blocks, cut with the scissors, count beads, and yes, even read and write. Educational professionals have long ago acknowledged our contributions for children receiving child care perform very well in early school.

We say no in strong voices, and give redirection with love and concern. These are "our" children.

Though we have been and will continue to meet the needs and serve well, the legislation pending in Congress will do away with this segment of free enterprise in America. It is against private enterprise and religious groups.

The flux of increased funding for governmental and certain non-profit's expanded bureaucratic organizations of socialistic child care would consume the market through their ballooned budgets and their captive information and referral systems imposed by the legislation itself. We have had some experience with government subsidized information and referral systems jockying for first place positions when this legislation is passed. The information given out is always negative or incorrect on proprietary centers and there are no referrals.

The proposed legislation would blanket programming, eliminating parental choice, for when one cuts the options, one eliminates many choices. The parent would be told where to take their children, as many parents in need of federal assistance from social services funds are now. They have NO choice. Many do not even see the Center their children are to be sent to as Social Workers make all of the arrangements. Many of these children are sent to centers that are "certified as licensed" which receive subsidies from as many as eight (8) different sources and are audited by NO ONE. This testimony was submitted in 1979 to SBA for Special Task Force Study by the Office of Advocacy - Government Competition: A Threat To Small Business.

With the programs all the same, the caregivers trained all the same, in centers where no philosophical differences could be expressed, we request you to review these questions: What kind of citizens would be produced? Would these children all think alike or be capable of stimulating debate? This is something to really ponder as the children are in the Center more of their awake hours than they are with their parents.

The industry does not need federal legislation. We do not want it or seek it as child care regulations and inspections are best left to the states. The State is more familiar with the needs of the families and the caregivers. The State is closer to the facility where the care is given.

Gentlemen, federal funds in excess of 7 million dollars are dispersed annually for child care programs such as AFDC, Title XX, Head Start, USDA Child

Care Food Service Programs. We would request your legislative talents to reform and realine these programs so as to get more of the dollar to the child and not to administration and self-serving brokerage organization's cost. A bigger portion of a match could be required of the State and Local government as many buy child care completely on federal funds.

The SBA Loan Guarantee Program could be expanded to set aside a portion for low interest loans for start up and remondeling of child care centers. The child care center could be given the same treatment as other small business as in economic impact zones. Child care centers could be included in the SBA incubator.

The proposed legislation would open the proverbial Pandora's Box on child care expenses for government and parents, as subsidized government centers simply DO NOT work in a cost efficient manner. There is little need to perform when you can't go broke. The cost of care in a non-profit subsidized center as compared to a for-profit tax paying center is almost twice as much and this cost will rise when we are no longer around.

Subsidized centers justify this by claiming we are not quality. We consider this an insult, not only to us but to the parents who choose our centers. They know and they care. These are THEIR children.

Yes, the people I represent here today are truly America's unsung heros and heroines, for we saw the need and met it with loving care. We did this long ago when government and bureaucracy were busy at another scene, as American heros have always done. We ask for nothing except the freedom to perform our skill in a market without the threat of government take over. For we live and survive by our performance daily. The Holloman schools are no better than the day the child had today. We cannot make exchanges nor replace bad days for days are not ours to give. So we strive to make each day a day of growing and giving, living and learning, caring and sharing, packed with good food and fun, striving to equip each child with what he or she needs for a successful pursuit of happiness. Thank you.

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CHILD CARE INDUSTRY POSITION PAPER
AS PREPARED BY
VERNON HOLLOMAN, JR. AND INEZ HOLLOMAN
April 21, 1988

HR 3660 - S1885

Sec. 2 - Findings and Purposes

(A) (6) Suggests a "shortage" of available child care

Industry Response: A perceived shortage only which is highly localized and not wide spread. The most difficult care to find is part-time, night time, and weekend care, which is also the least in demand.

(B) (2) Purpose: To promote the availability and diversity of quality child care.

Industry Response: This bill falls far short of promoting availability or diversity and actually discriminates against "religious" and "for profit tax paying" child care businesses, which provide a major portion of child care in the United States.

Sec. 4 - Appropriation: 2.5 Billion Dollars for 1989 with future increases

Industry Response: From a purely financial perspective, this is an extremely expensive measure as compared to other related legislation, which actually accomplishes more for the American Family than this bill. See HR 3944 and S2187 which is far more favorable from a family and provider perspective.

Sec. 6 - Lead Agency: Mandates that states establish added bureaucracy with specific duties to monitor child care activities.

Industry Response: All States currently license and inspect child care centers and family day care homes which fall within the licensing strata. Families and providers do not need any further expansion of social bureaucracy. When Virginia Department of Social Services "took over" Spousal Support Payments, and "misplaced" over a million dollars, ask the recipients if they are now better off with this added bureaucracy.

Sec. 7 - (c) (3) (C) Mandates that states will be "locked in" on their child licensing standards in addition to federal standards crafted under this act.

Industry Response: Many States are now actively updating and restructuring their child care standards with the help of industry and other professionals. Families and industry would prefer that regulatory authority remain at the State level maintaining the current system already in existence. It is ridiculous to have such a mandate which removes all State options.

Sec. 7 - (c) (3) (G) Mandates a low interest loan program available to non-profit entities.

Industry Response: This program discriminates against "for-profit" providers which generate some of the revenue used to fund this proposal. In most cases, the only difference between a non-profit and a for-profit child care provider is the tax status. One pays, the other doesn't.

Sec. 7 (c) (6) (3) (ii) Describes funding through grants or contracts with public agencies and private non-profit providers and organizations.

Industry Response: Again, discriminates against "for-profit" tax paying child care providers.

Sec. 7 (c) (13) (D) (ii) Provides that licensing staff make unannounced inspection of no less than 20% of the Regulated Family Day Care Homes.

Industry Response: Totally unacceptable. This means that 80% of the Regulated homes may not be visited at all. None of the Non-Regulated homes will be visited.

Sec. 7 (C) (13) (I) (ii) Mandates States maintain a recored of parental complaints and make them available to the general public.

Industry Response: Complaints are not convictions. This should read: "Justified and Proven Complaints".

Sec. 8 (a) (1) (A) Rules for use of funds

States that funds are to be provided through grants and contracts with public and private non-profit entities and that these entities may sub-contract with other public and private non-profit entities.

Industry Response: This creates a closed bureaucratic system which in fact "Socializes" child care under this act. Discriminates against "for-profit" tax paying providers.

Sec. 8 (B) (2) (A) Establishes funding for eligible public schools and non-profit child care programs to maintain part-day programs.

Industry Response: Further discriminates against "for-profit" tax paying child care providers

Sec. 11 Establishes the Interagency Advisory Committee on Child Care

Industry Response: States already have advisory and licensing committees to address these concerns. This is just more added bureaucracy.

Sec. 12. Establishes a State Advisory Committee on Licensing

Industry Response: See Sec. 11 Above.

Sec. 13 (A) Establishes Resource and Referral Programs which shall recognize only public and private non-profit entities to serve as such.

Industry Response: This establishes "captive referrals" which are designed to funnell or direct parents and children out of the private sector and into the government or socialized sector. Other industries have also been fighting resource and referral such as the Durable Medical Goods Industry, Physicians, and the Legal profession. Advertising and the yellow pages of your phone directory are fair, impartial, and available to all who wish to use and it is maintained by a private concern costing government nothing. This section also discriminates against the "for-profit" tax paying providers.

Sec. 14 (B) (7) (A) Mandates staff training and provides for grants and contracts to be entered into with public agencies and private non-profit entities to develop staff training programs.

Industry Response: Further discriminates against "for-profit" tax paying child care providers and organizations which also currently provide on going staff training at no cost to government.

Sec. 15 Establishes a federal administrator of child care.

Industry Response: Not needed. This is just another bureaucratic office to deal with.

Sec. 18 Establishes the National Advisory Committee on Child Care Standards.

Industry Response: Creates more unnecessary bureaucracy. Industry would again prefer regulatory authority be left at the State level where it belongs.

Sec. 19 (A) Sectarian Prohibition which excludes all religious programs, symbols and artifacts. Requires such symbols and artifacts to be removed or covered.

Industry Response: The most appeauling section of all. Many very high quality child care providers in the for-profit and non-profit sector offer religious programs, grace before meals, and bible stories as part of their daily activity. Religious programs provide the moral fiber that this predominantly religious nation depends upon to establish the principals of honesty, integrity, and the basic appreciation and respect of life and property.

Such prohibitions may be "legal" for public school where attendance is compulsory by law, but is unreasonable for child care in which attendance is voluntary and by parental choice. Above all federal provisions, parental choice must not be interfered with in any legislative measure.

We must continually protect the rights of parents to choose what they think is the best for their children.

Keep competition in child care. Keep private enterprise in child care. Protect religious programs from government forced extinction.

Respectfully Submitted,

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Mr. KILDEE. Thank you very much.

Mrs. Ballenger, thank you for your patience, too.

STATEMENT OF MRS. CASS BALLENGER, MEMBER, NORTH CAROLINA DAY CARE COMMISSION

Mrs. BALLENGER. Now I know what Cass means by waiting patiently.

I feel like I'm between a rock and a hard place. I'm wearing two hats today. I am on the State day care commission in North Carolina. I also have been in low income flat day care for 33 years.

I take great offense at this nice lady next to me who thinks that subsidized programs are not very good. We have absolutely the top quality program, and my grandson attended the black center that I'm affiliated with.

Our State, I guess, is blessed. I think we have wonderful resource people who come to all our meetings and tell us how we should run everything, and we can't afford it. But we have, I think, a fine commission. We have 15 members that are private, for-profit centers, public, non-profit—we've got everything represented on our board.

We have been years making regulations and rules as authorized by the State legislature and then they in turn passed them into law. The only thing that the legislature did was to establish the pupil-teacher ratio, over which we continued to argue and argue and argue.

We have tried—we are one of the wonderful States that has 7 to 1 in infant care. We have a double-A standard which is one less of everything, or two less children in class size. So, in my highly subsidized, low-income day care, we have six infants. At the time that there is any problem, we also have two people in the kitchen and two people in the office that come into help. If they see one bottle, they want six bottles. There's plenty of outside help.

We have been asked to do 3 to 1 infant, as the ABC bill would put us out of business if it passed. We can't afford it. We would need $10,000 extra for a teacher—no extra children. We are serving between 95 and 100 children now.

Who is going to monitor this program? This is an incredibly expensive thing. We are going to get to every home within 2 years, but you have to go on sort of an honor system because we can't afford it.

We must have a tremendous start-up charge. We have to have about $18,000 sitting in a fund, because our school food reimbursement is sometimes two months late, and we must already feed the children in the third month.

We also have to factor in that there wasn't any Government money coming in. We're filling out DSS reimbursement, we have JTPA funds, and we have food reimbursement which is up to $7 billion. We certainly don't need any more bureaucracy, papers to fill out.

It's just beyond us. Are you going to have to leave now?

Mr. KILDEE. We'll wait for the second bell, Mrs. Ballenger.

Mrs. BALLENGER. We have—our charge is $30 per week for those mothers who want to be private—we have a majority of single parent families, who work at Burger Chef. The price for that mother for a week's care is $30. Yes, it's subsidized. It's subsidized locally, federally—every way it is. But it's a possibility.

We also have a center in a little tiny town that takes care of mentally and physically handicapped children. How can we do it without Government, and yet do we want all this Government coming in? Everybody needs it, but I would rather see an enforcement of a State bureau that knows the needs of the state.

I'm sure that New York State does not need what North Carolina needs. And from one end of North Carolina to the other end of North Carolina, we have extraordinarily different areas. We have an urban population that needs lots of day care centers, and then in Nag's Head and the beach areas, there are no day care centers, because you can't run them for part of a year.

We have our own problems, but by golly we're no further than the phone.

We also have a unique problem at the moment of church day care centers. I think that every parent should have the opportunity to put their child wherever they want to. But we're in the process now of closing down 13 church day care centers because they have a policy of being—never having touched a child, but having spanking in their rules, because they believe in spare the rod and spoil the child.

I am now interfering in people's moral values, and it bothers me. I'm sure the Federal Government would love to be involved in this thing. Somebody who got up early this morning was talking about how nobody goes to hearings. I have days and days of people screaming, and you can't answer back.

You really don't want to take this job on—you want to dump it on the States. [Laughter.]

Cass and I were very involved in starting this center, which was started with local, State and Federal funds. I think that the local funding—I'll agree with you, there, Madam—has kept the interest very high. Those standards are kept high and the center is kept going. We're fulfilling a need that none of the other centers want.

Our children walk in—we opened a defunct black school that was closed when busing came in. We opened it up. It was a perfect environment. Every door opens to the playground. The fire marshal loves us. Everything was wonderful, the kitchen was intact. And the mothers can walk their children in. We don't have those transportation problems.

There are a lot of ways to solve a lot of these problems without bureaucracy.

I'd be glad to expand upon my 30 years of child care experience. I started in a church basement, and they paid $5 a week. I really go back. But we're trying to get those people off Welfare, and that's why we keep all the subsidies coming in and only charge $30 a week. And they are getting top-notch, wonderful care. It's as good as any across the State, if not better.

We do have enforcement problems, and I do not understand how you think you're going to be able to afford it. To go into the thousands and thousands of centers, and then try to get into the hundreds of thousands of day care homes to me is the most incredible problem I've ever heard.

And I'll hush, because you've got to go.

Mr. Kildee. We'll go vote, and we'll be right back.

I'm not sure when the next vote is going to be. This is a vote to recommit. Generally, shortly thereafter there is a vote on the final passage. I will get back as soon as I can.

I'll keep you informed.

[Recess.]

Mr. Kildee. Have you finished your testimony, or do you want to conclude?

Okay. We'll start with our questions.

Mrs. Ballenger. Oh, I did have one more thing that I did want to mention.

We at this point require 20 hours of training for all staff, including heads of centers, and there is a shortened training program for homes. We've just started regulating homes, so I can't tell you much about it. We've just started our investigation and the regulatory rules that were in effect. We had to have them for a year, and now they're working as of January of this year.

We already have that. If the ABC bill would pass, would we get repaid for all we've done? [Laughter.]

Mr. Kildee. We'll let counsel respond to that. [Laughter.]

Okay. I'll start some questions. We'll start with Mr. Zinsmeister.

You quoted Mr. Belsky's findings or report. I read that, and certainly read those things with great concern. He does serve on a panel, though, that has endorsed the ABC bill.

I guess that's not contradictory. I think that what you say about that bonding, I myself have to agree with that. But the problem is that very often we find people who are not in a position where they can do that. Again, I find in my city of Flint, Michigan, particularly among people who work in one restaurant, women particularly, who really need to work and choose work over Welfare. They still maybe have an infant, and would prefer, of course, to have that bonding take place. But we still have to address that situation.

Cannot the ABC bill, among other proposals, help address that situation?

Mr. Zinsmeister. Well, you're quite right.

There is a group that badly deserves help. As I alluded to briefly, I'm not one who just wants to leave things the way they are.

However, I think that when you're deciding what we're going to spend our money on, where we're going to put all the bonuses and the plusses, my message today is only that we ought to consider very carefully the welfare of the children as well as the welfare of the adults.

In some cases, I'm suggesting that the welfare of the children would outweigh other possible benefits.

For example, in the welfare arena, I'm one who is not anxious to have women with young children get jobs. That would certainly be a solution to the dependency problem and would reduce welfare costs. It would have a serious penalty, however, to the quality of care given to those children.

In most cases, the mother is going to give them better care than that center. Particularly because most of those centers are going to be staffed by other welfare mothers on Workfare programs that are being paid to be attendants. You're basically taking kids away from one group of welfare mothers and putting them in a center to be looked after by another group of welfare mothers. That's their job, on Workfare.

I think that things ought to be done for those people, and I am in favor of that. I'm simply saying that they ought to be done in ways that are congruent with the interest of children.

As far as—I have not put the entire weight on Professor Belsky's shoulders.

Mr. KILDEE. I know that.

Mr. ZINSMEISTER. He's the person who has taken a lot of the fire for this.

This is a whole series of studies, by a variety of individuals. I should point out that there is a tremendous penalty to someone who makes the statements that someone like Mr. Belsky has made. There is a tremendous taboo on this subject.

It's important to recognize that a lot of the disagreement comes over the political implications of these results, rather than the quality of the results. Most of these results, I think, come from good science. They're troublesome because of what they imply for what should follow.

But the other interesting thing is that I don't think we can necessarily rely on those who have a vested interest, who are in the developmental centers and at the University programs. As I say, there's an overwhelming kind of conventional wisdom there. Second, there are all kinds of penalties for someone who differs from that kind of conventional wisdom.

I think that some of the interesting evidence that's coming in is from people who see kids after the fact but who don't have this attachment to the theory of it all. These are the pediatricians and the clinical psychologists. They're seeing these increased stress levels and so forth, and I think their testimony is important.

Mr. KILDEE. We do know that. As a matter of fact, there was a summit agreement among some of the leading child care researchers saying that if children are provided quality child care, there's every reason to believe that both children and families can thrive.

However, I'll still go back to your statement. I could have used your testimony when I was trying to amend the welfare reform bill as it came to us from the Ways and Means committee. We tried to make it much easier for a mother to stay at home for that period of bonding. We were not as successful as we wanted, but your testimony could have helped there.

I think we have to—and again, I mean this in a more sensitive fashion—look at the reality that we see out there. I walk through my city regularly, and I see that reality. I see that there are instances where there are mothers with children all maybe in grade school, or a mother with children in grade school and an infant, and they still need this child care very much.

I think what we're trying to do is to make sure that the quality of child care is the best that we can achieve. We try to upgrade the quality.

Certainly when you find, as we did in Illinois, 47 children being cared for in a basement, many being infants, there certainly are many steps between that tender loving care the mother can give at home in bonding and 47 lying on pallets in a basement. I would like to have the Federal Government move us toward a better quality of child care for those who cannot have what you would feel would be the ideal.

All right, let's see.

I think I'll defer to Mr. Tauke and come back for other questioning.

Mr. Tauke.

Mr. TAUKE. Mr. Zinsmeister and Dr. Clifford, if I could have your attention for a moment? I'm not sure if the two of you completely disagreed or not on an issue, and I just want to clarify.

My understanding, Mr. Zinsmeister, was that you were saying that child care was particularly harmful for infants three and under. When I heard Dr. Clifford respond to that comment, I thought I heard him talk about children who were over 3, not the 0 to 2-year-old group.

Was I mistaken in that, or is there a clear difference of viewpoint on this issue of children three and under?

Mr. CLIFFORD. There is a difference of viewpoint.

What I said was that the debate has centered almost exclusively on children age one and below. But I think there is a preponderance of evidence and general agreement in the field that there is not any real concern for quality care of children who are over one year of age. I certainly don't think there is any serious concern where quality care is available.

Where there is poor quality care, there is a concern at any age. For the one year and below, there is some reason for concern for those children. I think—I'm very pleased that the National Institute for Child Health and Human Development has a request for proposals out for a series of studies on infant care that I think will help deal with this issue in an objective manner.

Mr. TAUKE. Mr. Zinsmeister, do you wish to comment?

Mr. ZINSMEISTER. Yes.

I don't think it's—you have to avoid the temptation to think that there's some kind of sound barrier. You hit 12 months, or 14 months, and there's no risk where previously there was a risk.

I view it as a continuum. I think that clearly the younger children are at risk. Most of the stuff that I've seen—I read you the quote from Mr. White. He says age 3—he makes the cut there. Some people say age two. There are some people who say older.

To be conservative, you ought to say that among practitioners with expertise in the field, many think that three and under is a high risk age, and that I wouldn't want to try to separate out an 18 months—it kind of borders on the absurd.

The children that age have risks, and again it's a continuum. The less care you have, probably the lower the risks are. The later you start the care, almost certainly the lower the risks are. But those risks don't disappear suddenly.

Mr. TAUKE. Now, both would concur—I think there is common belief—that before age 1 there may be a problem. After that there is uncertainty, and you'd have two viewpoints on that.

Do you think, Dr. Clifford, that it would be advisable for us to try to change the tax credit policy that we currently have, let's say, for those who currently have children under one year of age, to try to in fact give an added incentive to pick one of the parents to stay home with the child during the first year?

Right now, we have a family in Iowa with $12,000 of income, and they can receive substantial assistance if both parents go to work. They can up their income and get Federal assistance. If one stays home, they lose out on the assistance and they don't get that extra income.

Would it be advisable for us to give that subsidy, if you will, to the parent who stayed home during that first year?

Mr. **Clifford**. I would do two things.

I would support some mechanism for encouraging families to stay home with their children, some sort of double tax credit for children who were under 1 year of age.

I think that the reality is that even if we do that, we're going to have many children under that age who are in child care. We need to ensure that that is quality care for those children.

Mr. **Tauke**. I think that probably is true. We're still going to have a lot of children who are going to need child care, and I don't think we should ever suggest that by providing an incentive for some parents to stay home that we're going to solve the problem for everybody. I wouldn't want to imply that, because I don't think it's true.

But I do think there are people who have to make choices, and perhaps sometimes they would like to stay at home, but they don't have the wherewithal to do it. It might be helpful sometimes to deal with that issue.

Mrs. Ballenger, we——

Mrs. **Ballenger**. Can I comment on that last one?

I have the feeling in this room that everybody is talking about their own children. That's very nice, but in the day care situation that I'm in, some of our children have a lot better care at day care centers than they do at their own home. You mustn't forget that.

Mr. **Tauke**. An interesting point.

Let me ask you, then, about your situation. You said that one of the problems you have is that if we said you have to have a ratio of I believe 1 to 3 for infant care? That would put you out of business?

Mrs. **Ballenger**. Yes.

Mr. **Tauke**. Could you elaborate on that a little bit?

Mrs. **Ballenger**. We are a double-A center.

Mr. **Tauke**. What do you mean by a double-A center?

Mr. **Ballenger**. We have two levels of care. You opt—North Carolina is wonderful. You just don't understand that our—talking to this lady, I cannot believe that they have the problems in Virginia that we have faced and solved in our day care commission.

Mr. **Tauke**. Obviously it's leadership on the commission.

Mrs. **Ballenger**. Well, I didn't know. They keep telling us that this is an ideal situation, and we feel very insufficient, most of the time, because we can't go to 3 to 1.

Mr. **Tauke**. When you say a double-A center, with two levels of care——

Mrs. **Ballenger**. Well, double-A standards—we used to have four standards: level 1, level 2, double-A and A. I was not there at the time. I object to having A and double-A. I think there should be B.

You go into a restaurant, and everything sounds great at A. That's the lowest you can get. And I have a real big problem with that, but I can't change that.

The level 2 is by option, or the double-A. It's a lower ratio, and it's lower in class size and in pupil-teacher ratio. That's six to one.

That's not good enough, but that's what we are in our center. I'm saying that——

Mr. **Tauke**. And what is it in the other level?

Mrs. **Ballenger**. Seven.

Mr. **Tauke**. So it's 6 to 1 or 7 to 1. Okay.

Mrs. **Ballenger**. That's infants. I'm just talking about infants right now.

This is a big problem. But I will tell you that we have gotten protective custody of infants who needed to be away from a family situation. This is something that may be unique to North Carolina.

This is where I say that I don't know how you can legislate on a countrywide basis problems unique to an area.

I feel like a blanket solution isn't going to be easy to come by. And I am also going to say that since I heard about the Virginia Day Care Commission and the exemptions that they get away with that we don't allow——

Mr. **Tauke**. She's saying it's not her. She doesn't get away with it.

Mrs. **Ballenger**. Well, not her then.

You know, it depends on your commission, and I think that's very important. But we are very approachable, too. You have to remember that if there's a problem, we're no further away than the phone.

You have dealt with Nancy Brown, I guess, the head of ours, who was in Washington, D.C. before she went to North Carolina.

Mr. **Tauke**. Okay, suppose a 3 to 1 ratio were imposed on you. What happens?

Mrs. **Ballenger**. We would go broke.

We don't get any extra funds and—there's no profit, obviously. We are a subsidized center.

Mr. **Tauke**. Do you think a 3 to 1 ratio is unreasonable?

Mrs. **Ballenger**. I think it's ideal. But yes, I think it's unreasonable in a situation where you can't afford it.

Mr. **Tauke**. What about the rest of the panel? Any observations? Yes?

Ms. **Holloman**. We work now, presently, in Virginia with a 4 to 1 ratio. We have done this now since 1974.

I was at the State Capital when the fire marshal debated heavily against this bill. The reason for it was—and at the time I was in infant care, and because of the fact that I had to pay back an SBA loan at the time I had to come out of infant care, because I couldn't afford it—that it was an added imposition that would force most of the infants in Virginia into unregulated care, which indeed it did.

Mr. **Tauke**. So because the regulation got too tough, in a sense, her center goes under—and then the people go to unregulated care.

Ms. **Holloman**. Well, those ratios were so high that private providers like myself—and I was one of I think the only one on the Virginia Peninsula that was providing infant care at the time. The staff ratios were 6 to 1, and they went to 4 to 1. We simply couldn't afford to sacrifice that portion of the building and still meet the payments necessary to run the center with that 4 to 1 ratio.

We opted to give all our equipment to a church, and they did it. In Virginia churches are not regulated. We came out of it.

But that fire marshal—I wish you could have heard him. He says that infants, because they can be put into cribs or playpens—a lot of people will opt to keep these children in unregulated, unlicensed care. Then they go out of the house and leave them, and these are the babies that you read about that are getting burned up. Wouldn't this child have been better off in a 6 to 1 ratio than he would have left alone by himself?

Mr. TAUKE. Doctor?

Mr. CLIFFORD. I'd like to respond briefly to the general question. This is what changing the standards does to the availability of care. Do we drive people into the underground market?

In North Carolina, in 1975, the general assembly enacted new legislation to regulate child care, in which there was substantial improvement in the child-staff ratio.

We're bad—we're 1 to 7 now, but at that time, you could have 9 infants with one caregiver. There were similarly poor ratios for older children as well.

In 1985, there were substantial improvements made in that. Between 1982 and 1983, and 1987, we have actually grown by almost 20 percent in the number of child care centers in North Carolina. This has not driven people into the underground system. We've kept and increased the number of people in the above ground, licensed program.

If it's not a huge change—two infants per adult—but for the others there was not that ratio of change. A gradual change does not necessarily drive people into the underground system, and it does not decrease the availability of child care.

The Act for Better Child Care provides a 5-year phase in period for those States that are below, and only half the States would be below the median. It does provide a gradual period in which States can come into compliance with the median standards.

Mr. TAUKE. Did you hear Congresswoman Johnson's testimony this morning on that issue?

Mr. CLIFFORD. I heard most of it.

Mr. TAUKE. Did you have any comment on it? Or maybe that's——

Mr. CLIFFORD. I don't know which part.

Mr. TAUKE. Well, the part about the need to phase people into any licensing requirements. Otherwise, if you don't give them an opportunity to work in, they will——

Mr. CLIFFORD. I agree——

Mr. TAUKE. Go into the underground.

Mr. CLIFFORD. I agree with that. I do think that the Act for Better Child Care provides that period. The States have five years to comply.

Mrs. BALLENGER. I disagree with him—and these are two North Carolina day care people speaking.

There are a lot of people who did get out of infant care in our area. He's in a different part of the State.

Mr. CLIFFORD. But for the State as a whole, there's more infant care as a whole licensed now than there was at that time.

Mr. TAUKE. And how long ago was that?

Mr. **Clifford**. That happened in 1985, in the summer of 1985.

Mr. **Tauke**. And do we have an indication of what percentage of the care in North Carolina now is offered by licensed providers?

Mr. **Clifford**. We don't know.

Virtually no State knows how much is offered in unlicensed, unregulated family day care.

At the center level, virtually all center level care in North Carolina is licensed. In the study in which we looked at complaints, there were virtually no complaints coming in which dealt with people who should have been licensed as a day care center who were not.

At the licensed level of center care, we are fully licensed. We do have a lot of people in family day care, like every other State, who are not licensed or regulated.

Mr. **Tauke**. Thank you very much.

Mr. **Kildee**. Dr. Clifford, I wonder if you could get for us—I think that's very helpful information to the committee, on the number of child care slots, particularly the infant child care slots, that existed before and after that enactment there in North Carolina.

Mr. **Tauke**. If you could also—if the Chairman would yield—get us the information relating to the cost of that care, what the typical cost was in the State in 1985 and now?

Mr. **Clifford**. We do now know what the market rate is. We have a market rate approach to setting rates in North Carolina. We know what that is now.

We didn't know what the market rate was then, since our system for establishing market rates came in after 1985.

I don't think I can find before and after, but I can tell you what it is now.

Mr. **Tauke**. Has it been changing much over the last couple of years?

Mr. **Clifford**. There have been some increases, not dramatic increases.

Mrs. **Ballenger**. We have more public for-profit centers.

It's slots. You were asking about slots this morning.

Our center had to stop after school care because the slot is an all day slot in North Carolina. I can only speak to that matter.

If the day care center were to receive $17 a week for taking care of Junior after school, we had to leave the slot empty all day until he came in. We could have been getting $30 for another child for the entire day. Our schools are trying to pick that up. Because that child is a latch-key child, and they more or less forced us into pushing them out of the center since we needed all day care for children—could you follow that?

Mr. **Tauke**. Yes. You had to keep that slot open all day.

Mrs. **Ballenger**. One slot, one child, whether it's an infant, a 2-year old, a toddler, or an after school child.

Mr. **Kildee**. Are the schools doing much there in your State on the latch-key?

Mrs. **Ballenger**. Particularly where I live, we have a model school program that they're trying now. We serve meals to the Children coming in at 6:30 in the morning. However, this is calling for double staffing in the schools. But those schools are warm and well lighted, it's a good facility.

They have found that they have to provide recreation breaks from after school until when they start those children doing homework. It's looking pretty good.

Mr. **Kildee**. On the——

Doctor?

Mr. **Clifford**. I'd like to respond to that.

I did a study for the Department of Public Instruction in North Carolina last year, looking at before and after school care in public schools.

While we were serving a very small percentage of the children—only 7 percent of the schools in North Carolina that have children of that age offer this program—it's increasing very rapidly.

There were twice as many children in before and after school care in the spring of 1987 as there were in the spring of 1986. The schools are beginning to provide that program, but it's still way below the need.

Mr. **Kildee**. Let me ask you this. Looking at the economics of it, the question of slots, and having slots for all those latch-key children—and the mission, if I may use that word, of various agencies—does latch-key care fit better into the school system than other agencies?

Mrs. **Ballenger**. In North Carolina.

Mr. **Tauke**. In North Carolina.

Mr. **Clifford**. I think yes, but I say that advisedly. There are very different situations for different families. Families need to have a choice in that. I think that this issue about family choice is a legitimate one. Families need that choice for school-age children as well as for preschool children.

Mr. **Kildee**. Okay.

I have no further questions.

I want to thank this panel very much again for helping us as we work our way through this issue. It's an issue that has captured the attention of many people throughout the country, and which has certainly captured the attention of the Congress. We appreciate your coming.

Thank you very much.

We will the record open for two additional weeks for the inclusion of any additional material you might wish to put into the record.

That's for all the panels.

Our last panel will consist of Ms. Ruth Mankin, vice president of the Delaware Chamber of Commerce, Ms. Heidi Hartman, director of the Institute for Women's Policy Research, and professor of sociology and director of women's study at Rutgers University; Mr. Robert Rector, policy analyst for the Heritage Foundation; and Mr. Mark Rosenberg, of the National Child Care Association.

You may proceed in that order, unless you've arranged something different among yourselves.

STATEMENT OF RUTH MANKIN, VICE PRESIDENT, DELAWARE CHAMBER OF COMMERCE

Ms. **Mankin**. Thank you, Mr. Chairman.

My name is Ruth Mankin. I came to say good morning. I could have said good afternoon, and now I'm going to say good evening.

On behalf of all the witnesses, I want to thank you and your committee for not only your patience but the level of concentration that you have given to all the testimony to date.

Mr. **Kildee**. Thank you very much.

Ms. **Mankin**. I come here to speak for a voice that I haven't heard represented here this afternoon, an important voice in America: the voice of business.

While I am vice president of the Delaware State Chamber of Commerce, I'm here wearing another hat, too. I'm representing the United States Chamber of Commerce, in a volunteer capacity.

I serve as the co-chairman of an organization called the Child Care Health Care Connection, which is a Statewide organization in Delaware.

With me today is Virginia Thomas, an attorney for the U.S. Chamber's employee relations policy center.

In Delaware, through a successful public private partnership, we have succeeded in creating an extremely healthy economic climate which is validated by the fact that we have an average yearly unemployment rate of three percent.

Delaware employers face not only the changing demographic shift shared by all Americans, but also a very, very tight labor market. We have put virtually all of our people to work, including 90,000 working moms and dads, all of whom use some form of child care.

The Delaware State Chamber of Commerce recognized the need for leadership in the area of child care, and put this issue on our agenda three years ago. In 1985, funded by $35,000 in seed money from the DuPont Company, and with the backing of the 3,600 member Delaware State Chamber of Commerce, the Child Care Connection was formed to meet our business community's needs.

This is a private, non-profit corporation. The Child Care Connection began operating in 1986 as a centralized resource of child care services for working parents, employers, child care professionals, and children in Delaware.

The Child Care Connection provides working parents with information about child care services through the use of an electronic database. All of the licensed providers in Delaware are included in this base of information.

Now, we all accept that arranging child care is a parental responsibility, but sometimes it's an invisible market which a parent is confronted with. By that I mean that many, many child care providers do not advertise, are not listed in the Yellow Pages, and have no profile to the consumer.

Well, the Child Care Connection has ferreted out all these people and has them in our database. A parent can telephone and through a set of descriptors, discuss with a consultant at the Child Care Connection the kinds of needs that they have for child care. You can ask for care near your home or far away, a smoke-free environment, pets or no pets, and we have all the data to satisfy these needs in a profile.

The service is also a personal consultation on how to evaluate care, and how to build rapport with the caregiver. One of our objectives is to help parents become informed consumers of child care. Child Care Connection does more than help parents find affordable, available care. We offer employers' workplace seminars. We offer management consulting services which help employers to assess their employees' child care needs and problems.

Through our efforts in Delaware, we have helped to bring attention to the need for more child care providers like everyone else. We suffer a shortage. Through private sector funding, we've been able to recruit and train new child care sources. We have helped to bring focus to the issue of the quality of child care, and have provided a private clearinghouse for information on child care.

In Delaware, we believe that child care is an economic development issue, and in the business world we're best armed and equipped to solve economic issues.

Have we been successful? Let the numbers tell the story. Since the original funding of $35,000 from the DuPont Company, we have raised $550,000 to date. That money has sponsored our work and helped over 6,000 parents from 815 companies to find child care.

The private sector has given more than money. It has provided in-kind services, talents and time. The generosity and the support of Delaware's business community has benefited our entire State. Access to the Child Care Connection is not limited to those companies that provide support.

It doesn't matter in Delaware if you work on a chicken farm or you're an executive Yuppie. Every working parent in Delaware is entitled to the Child Care Connection's services at no cost. It's a public service funded by the private sector.

I'm proud to be able to share this success story with you. Delaware's business community and Delaware's chamber of commerce have had vision, energy and commitment to tackle these child care issues.

We hope that our private sector story serves as an example to other businesses everywhere who are facing the same issues and concerns that we are.

Thank you.

[The prepared statement of Ruth Mankin follows:]

Statement of the U.S. Chamber of Commerce

ON: CHILD CARE

TO: SUBCOMMITTEE ON HUMAN RESOURCES OF THE
HOUSE COMMITTEE ON EDUCATION AND LABOR

BY: RUTH MANKIN

DATE: APRIL 21, 1988

The U.S. Chamber of Commerce is the world's largest federation of business companies and associations and is the principal spokesman for the American business community. It represents nearly 180,000 businesses and organizations, such as local/state chambers of commerce and trade/professional associations.

More than 92 percent of the Chamber's members are small business firms with fewer than 100 employees, 59 percent with fewer than 10 employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business--manufacturing, retailing, services, construction, wholesaling, and finance—numbers more than 10,000 members. Yet no one group constitutes as much as 31 percent of the total membership. Further, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the 56 American Chambers of Commerce Abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross section of its members serving on committees, subcommittees and task forces. Currently, some 1,800 business people participate in this process.

STATEMENT
on
CHILD CARE
before the
SUBCOMMITTEE ON HUMAN RESOURCES
of the
HOUSE COMMITTEE ON EDUCATION AND LABOR
for the
U.S. CHAMBER OF COMMERCE
by
Ruth Mankin
April 21, 1988

I. INTRODUCTION

Mr. Chairman, and members of the Subcommittee, I am Ruth Mankin, Vice President of the Delaware State Chamber of Commerce and Co-Chair of Child Care Connection, a private, nonprofit resource and referral service that is helping working families in Delaware to identify appropriate child care. I am pleased to appear today on behalf of the U.S. Chamber of Commerce to discuss child care and balancing work/family responsibilities. Accompanying me is Frederick J. Krebs, the Director of the Chamber's Employee Relations Policy Center.

II. DELAWARE'S STORY

Delaware, through a successful public/private partnership, has succeeded in creating a healthy economic climate. We have also succeeded in creating an average yearly unemployment rate of three percent. Our Delaware employers face not only the changing demographic shifts shared by all Americans but also a very tight labor market. We have virtually put all of our people to work -- and they include 90,000 working "moms" and "dads," all of whom use some form of child care.

In order to recruit and retain productive workers, Delaware employers have had to design a method to help their employees to find child care. The Delaware State Chamber of Commerce recognized the need for child care leadership and put the issue on our agenda three years ago.

In 1985, funded by $35,000 in seed money from the Du Pont Corporation, and with the backing of the 3600-member Delaware State Chamber of Commerce, the Child Care Connection was formed to meet our business community's needs. We saw a problem, and we responded with a solution.

A private, nonprofit corporation, the Child Care Connection began operating in 1986 as a centralized resource of child care services for working parents, employers, child care professionals, and children in Delaware. The Child Care Connection is based on a demonstration model referral service developed by IBM.

The Child Care Connection provides working parents with information about child care services through an electronic data base. Arranging child care is a parental responsibility, but it is sometimes an overwhelming task because parents are confronted with an "invisible" market. By listing all licensed providers in the state, the Child Care Connection is capable of providing parents with a computerized telephone search for child care, which is based on 80 descriptors and allows a geographic search using a grid map that pinpoints home and work locations.

The Child Care Connection does more than help parents find affordable, available care.

The Child Care Connection offers employers workplace seminars for their employees. Traditionally, parents exchanged wisdom and experience with family and friends. Today's working parents find little time away from the job to develop such information and support networks. The Child Care Connection offers such opportunities at the workplace.

The Child Care Connection offers management consulting services, which help employers to assess their employees' child care needs and problems. The organization helps employers to achieve and maintain a more productive work force by providing comprehensive assistance services and programs that meet employees' child care needs. Information is provided to both management and employees struggling to cope with work/family issues about options available to deal with them.

Through our efforts in Delaware, we have helped to bring attention to the need for more child care providers. Through private-sector funding, we have been able to recruit and train new child care sources. We have helped to bring focus to the issue of the quality of child care and have provided a clearinghouse for information and education about child care.

The Delaware State Chamber of Commerce has consistently lent its support and services to the Child Care Connection, because we firmly believe that child care is an economic development issue -- and that in the business world we are armed and equipped to solve economic development issues.

Have we been successful? Let the numbers tell the story. Since the original funding of $35,000 from the Du Pont Corporation, we have raised $550,000 to date. That money has fostered our work and helped over 6,000 parents from 815 companies find child care. The private sector has given more than money -- it has provided in-kind services, talent, and time. We have helped businesses, large and small, to design and implement child care workshops and seminars. We have provided dozens of training sessions for providers. We have served as a resource base of information for services ranging from training materials to day-care center design. In addition to the services the Child Care Connection has provided, the leadership of the private sector in Delaware has given the issue of child care credibility and clout.

The generosity and support of Delaware's business community has benefited our entire state. Access to the Child Care Connection is not limited to those companies that provide support. It does not matter in Delaware if you work on a chicken farm or if you are a "yuppie" executive -- every working parent in Delaware is entitled to the Child Care Connection's services, at no cost. They are public services funded by the private sector.

At the State Chamber of Commerce, I am called Delaware's paid professional cheerleader. Well, I am proud of that title -- and proud to be able to share this success story with you.

Delaware's business community and Delaware's Chamber of Commerce have had the vision, the energy, and the commitment to tackle child care issues. We hope that Delaware's story can serve as an example to others.

III. BUSINESS RESPONSE

Recent studies indicate that relatively few employers are pursuing on-site child care. We do not believe that these studies accurately reflect the level of interest and rate of change in personnel policies and employee benefits within the employer community.

In responding to the needs of employees in balancing work/family responsibilities, it must be remembered that a variety of responses is appropriate. Employees may be accommodated through a variety of benefits or personnel policies, such as flexible benefits, flexible spending accounts, consortia to provide child care, vouchers for sick child care or daily child care, liberalized leave policies, voluntary part-time work, home-based work, job-sharing, information and referral services, flextime, on-site day care, or other creative policies.

On-site day care may not be feasible if liability insurance is exorbitant or unavailable, if only a small percentage of employees would use the facility, or if space is not readily available.

On the other hand, a recent survey by the Bureau of Labor Statistics indicates a remarkable and positive response by employers to work/family issues. Smaller companies (10-49 employees) are far more likely than large companies (250 employees or more) to provide flextime, liberalized leave policies, home-based work, voluntary part-time work, or other desirable alternatives to their employees.

Large companies are more likely to provide direct (and expensive) child care benefits, such as on-site child care, child care vouchers, or subsidies.

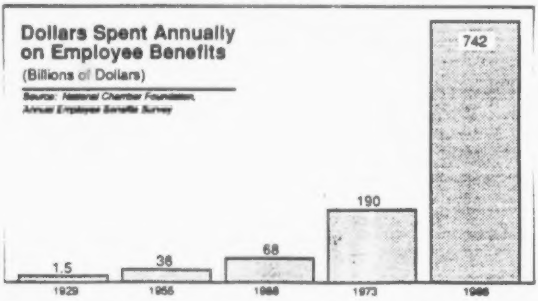
The Small Business Administration commissioned a study of small business options in child care and found, among other things, that employers offering child care benefits tend to fit the following general description:

- Management places a high priority on retaining employees;
- The workplace is typically responsive to many other employee needs;
- Labor markets are tight and benefits are viewed as a recruitment tool;
- The work force includes a high percentage of women, many in top management; and
- The company either is experiencing or had experienced rapid growth.

None of the companies surveyed that responded positively was in serious financial difficulty. The appropriate response to child care needs vary, necessarily, according to employee needs and employer capabilities. The diversity of family needs precludes the assignment of any single response.

Another important and relevant point is that expenditures on employee benefits are at an all-time high. Benefit packages evolve and are based on the changing demographics of the work force. Many of the recent benefits are those needed to recruit and retain quality employees -- the same employees who are balancing work/family concerns. The chart below indicates that employer expenditures on employee benefits grew:

- $35 billion in the 26 years from 1929 to 1955;
- $32 billion in the 13 years from 1955 to 1968;
- $122 billion in the 5 years from 1968 to 1973; and
- $552 billion in the 13 years from 1973 to 1986.



More needs to be done, and chambers of commerce across the nation are responding. The following are examples of responses of individual chambers:

- The St. Paul, Minnesota Chamber won a Presidential Citation for its leadership in defining and helping to relieve a shortage of facilities for child care.
- The Ann Arbor, Michigan Chamber conducted a one-day "Child Care and the Workplace" conference in November and publishes information in its Business-to-Business report.
- The New Haven, Connecticut Chamber confronts the business policy issues related to child day care and publishes articles to inform members.
- The Maryland Chamber (Annapolis) and local chambers cosponsored a conference in which employer representatives outlined options that their firms use to assist with day care, including referrals, on-site care, consortia centers, flexible benefit plans for employees, and other options.
- The Concord-Cabarras, North Carolina Chamber's Health Services Committee conducted a survey that showed child care and AIDS at the top of business health concerns. A follow-up questionnaire has asked for specific information from members on child care needs and attitudes.

These are but a few of the activities of local and state chambers across the country.

The U.S. Chamber, on February 11, 1988, adopted unanimously a new policy on work/family concerns, which is attached to this testimony. In addition to encouraging employers voluntarily to change their employee benefits or personnel policies to accommodate the child care needs of employees, we support a limited federal role in child care. Such a role can:

- Inspire local and private-sector responses;
- Eliminate barriers, such as liability insurance problems that discourage employers from addressing employee needs in the child care area;
- Maintain up-to-date statistics; and
- Encourage public/private partnerships.

IV. FUTURE U.S. CHAMBER ACTIVITIES

Many options now are being explored at the Chamber to enable it to be a positive and meaningful participant in the evolution of America's response to the needs of employees in balancing work/family responsibilities.

These options include:

- A survey of all state and local chambers of commerce to assess levels of interest and activities;
- The compilation of a primer for a variety of voluntary business community responses to local needs;
- The support of a national survey to assess priorities of employees;
- A symposium of child care providers and experts; and
- A survey of day-care providers.

The Chamber already has devoted two feature articles to child care in its magazine, *Nation's Business* -- including one this month. (A reprint is attached.) The most recent *It's Your Business* program, which aired nationwide on April 16 - 17, 1988, featured child care.

V. SUMMARY

Family needs and employee needs are diverse and evolving. The private sector, if educated, can and will respond to these changes by altering personnel policies or employee benefits. Child care needs are only a part of the larger societal trend of women, especially women with young children, entering the work force. Both employers and employees can benefit from an approach that allows for an evolution in the development of employee benefits to meet this trend. The Chamber believes that as the private sector learns more about this issue, it will continue to respond positively, as shown by the growing state and local Chamber involvement in this issue.

Thank you, Mr. Chairman, for the opportunity to testify. I would be pleased to answer any questions.

U.S. Chamber of Commerce

Washington, D.C. 20062

BALANCING WORK/FAMILY RESPONSIBILITIES

Dramatic changes are occurring in the demographics of the American work force. Single heads of households and two wage-earner families are becoming increasingly common. The Chamber encourages employers to assess and to accommodate the diverse and evolving needs of employees who may be balancing both family and work responsibilities. Flexible and responsive personnel policies can best address the diversity of family needs of workers.

Although the specific appropriate response to work-force needs will vary among employers, possible voluntary private-sector options that should be considered by employers include: to include a dependant care option in flexible benefit plans, consortia to provide child care, child care or sick child vouchers/subsidies, liberalized leave policies, part-time work, home-based work, job-sharing, information and referral services on local child-care services, flextime and on-site day care. Local public-private partnerships or innovative responses to work-force needs should be encouraged. Such responsiveness can yield higher employee morale, productivity, recruitment and retention potential, as well as stem excessive absenteeism.

Although a shortage of adequate and affordable child care may present problems in select areas of the country, the federal government should resist the temptation to mandate specific employee benefits, to regulate previously-unregulated industries, to subsidize or compete unfairly withprivate-sector day care centers, or to impose a costly and monolithic federal child-care program. The federal government should limit its role to:

- addressing the liability insurance crisis as a factor in day-care shortages where they exist;
- providing incentives to improve the affordablity and availability of child care; and,
- identifying programs and demonstration projects and disseminating information about them.

Any regulation of child-care services and providers, where appropriate, should be the function of state and local authorities.

Adopted Unanimously by the
Board of Directors,
U.S. Chamber of Commerce
February 10, 1988

9321G/31

Nation's Business Reprint

Reprinted from
Nation's Business
December 1986.

Child Care: Your Baby?

By Carol Dilks and Nancy L. Croft

Part of a Series

COVER STORY

Child Care: Your Baby?

By Carol Dilks and Nancy L. Croft

Managers of three small companies in the Prospect Hill Executive Office Park in Waltham, Mass., found they had a mutual problem. Each faced the loss of key employees unable to find adequate day care for their preschool children.

The managers, representing two computer software firms and a venture capital company, took their concerns to the developer of the complex, Arthur Nelson. He, in turn, brought the problem home to his wife, Eleanor, who had more than 20 years' experience in teaching and other aspects of education.

Eleanor Nelson agreed to set up a child care program in quarters that Arthur would make available in the office park. The effort, she recalls, made her aware that "I had something marketable." Result: Her own business, Workplace Connection, a consulting firm that helps small businesses develop day care programs that their limited budgets can accommodate.

Frequently, she gets businesses together to form child care consortia, which sponsor programs that would be beyond the resources of any single member.

The Prospect Hill program she started was her first consortium; it now is made up of nine small and medium-sized businesses.

One is Sasaki Associates, Inc., which specializes in landscape architecture and design. Says Sasaki's human resources manager, Richard Orton: "We looked at establishing our own on-site center, but the problems associated with getting space and the expenses of licensing and liability insurance were insurmountable. When we had the opportunity to join the consortium, we jumped at it."

What happened at the Prospect Hill office park offers a one-stop insight into why child care is becoming a major

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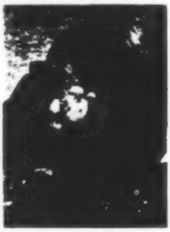
Carol Dilks is a Philadelphia-based free-lance writer. Nancy L. Croft is a Nation's Business *assistant editor.*

What started as a project for her developer husband turned out to be a business for Eleanor Nelson (left). Her consulting firm, Workplace Connection, in Waltham, Mass., helps parents like Heather Thompson-Ryan with conflicts of work and family.

Sooner or later, your business is likely to face the problem of valued employees needing someone to care for their children during work hours. What do you do?



Kerney Patrick takes a break from his job as applications programer at Dominion Bankshares Corporation headquarters, in Roanoke, Va., to visit his son, Jason, at the company's day care center.

concern for businesses of all sizes. A sharp increase in the number of present or future working mothers is making smaller companies increasingly aware of the high priority those workers attach to availability of child care.

Though the number of companies actively involved in some form of child care arrangements is not yet large—about 3,000, and hundreds more are exploring options—there is a trend here that will grow in significance in the years just ahead.

The Employee Benefits Research Institute, a Washington-based public policy research organization, says: "As a result of the rising population of children under 6, the changing composition of the family and the increasing participation in the work force of women with children, child care is emerging as a valuable benefit offered by a relatively small, but growing, number of employers." Child care, the institute notes, has been called "the employee benefit of the 1990s."

Catalyst, a nonprofit, employer-supported organization that deals with workplace issues as they affect women and families, puts it this way: "Work force demographics are inescapable—the typical American employee is fast becoming the working parent." Catalyst points out that "a 'traditional' family, in which father is the breadwinner and mother the homemaker" is becoming almost a rarity.

The U.S. Labor Department's Women's Bureau reports 13 million children under age 13 are in families where both parents work full time. Some 1 million of these children go to commercial day care facilities, and another 6.8 million are cared for through arrangements parents make with people who provide day care in their homes.

More than 50 percent of mothers with young children now work outside the home, and that figure could reach 75 percent as early as 1990—when, the Census Bureau projects, there will be 23.3 million children under age 6 in this country. Another forecast for 1990:

Nearly two thirds of all new employees will be women, and most of them will become mothers at some point of their working careers.

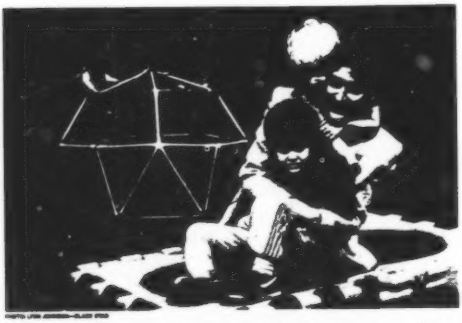
A significant aspect of child care from the business standpoint is the opportunity it offers to provide services that companies need in order to respond to worker concerns.

Perry Mendel, of Montgomery, Ala., is an outstanding example of entrepreneurs who have seized this opportunity. Even back in 1969, with a growing number of women entering the work force, the lack of day care facilities was a matter of concern. Mendel, then a commercial real estate salesman, did some research on child care and opened two day care centers in his hometown. That was the beginning of Kinder-Care Learning Centers, Inc., which now has 1,050 branches in 40 states. Its revenues for its fiscal year ending in August were $230 million.

The problem of what to do about children with minor illnesses that kept them out of regular centers but did not require parental care at home was another entrepreneurial challenge. Ruth Matsom and Birdie Johnson, of Minneapolis, saw a market opportunity in that situation while working as administrators of a standard day care center. They launched Chicken Soup, Inc., to provide day care for sick children.

Matsom, who is a nurse, and Johnson, an occupational therapist, have received requests from employers in Canada and Britain, as well as in the United States, for information on how to start such programs. They have now set up an additional business—seminars on setting up a sick-child program.

The impact of the child care issue will



Janet Muhleman, president of an Ann Arbor, Mich., ad agency, decided to build an on-site day care center when she became pregnant with her son John, on her lap in the picture.

fall most heavily on smaller businesses, the source of most new jobs created in the economy in these closing years of the 20th century, experts say. They urge smaller firms to begin thinking now about child care policies so they will be ready to deal with the matter when it surfaces in their plants, shops and offices.

Says Barbara Askinas, a Princeton-based consultant on human resource issues: "A company needs to examine how many employees will be able to take advantage of [child care arrangements] ...not only now, but also 10 years down the road."

(A report on various options available to employers wanting to help workers with child care appears on page 24.)

Who has responsibility for making day care arrangements for children of working parents? Most experts agree the answer is the private sector, with the parents bearing the principal responsibility and employers providing aid on a voluntary basis where necessary and feasible.

There can also be other parties to the discussion. Stephen Delfin, vice president and general manager of corporate relations for United Way, which spent $38 million last year helping communities and school systems set up day care and after-school programs, puts it this way: "We want to alert local governments, business, unions, volunteer groups and child care providers that day care is something they all have to tackle together. The needs vary so much from one city to another that the only way child care can be dealt with is around the community table."

Some organizations believe the answer lies in a vastly expanded role for the federal government. But, in an era of increasingly tight budgets and wariness about expanding the federal role in dealing with social issues, that does not appear to be a realistic possibility.

The federal government's role is likely to continue to be a limited one. It is now focused primarily on various tax incentives and on a program that grants $800 million annually to the states to provide child care services for low- and moderate-income families.

One of the principal tax incentives is the dependent care tax credit available to parents; the tax money the credit saves them represents nearly 30 percent of the federal government's total child care costs. In addition, a 1981 amendment to the tax law allows employers to deduct costs of child care arrangements used to attract and retain employees. Costs incurred in building and equipping a day care center can be depreciated through the accelerated cost recovery system.

Business is deeply apprehensive about a direct federal role—not just because business people are antipathetic to increased government spending, but also because the possibility of government involvement in what have traditionally been relationships between employer and employee—and no one else—raises the specter of unjustified interference.

A proposal advanced in Congress this year would have required employers of 15 or more workers to give as much as 18 weeks' leave in connection with the birth, adoption or illness of a child. Though the leave would have been unpaid, the legislation called for establishing a commission to devise a plan for putting the leave on a paid basis.

Small business, anticipating the disruption and expense that parental leave legislation would have caused, was so opposed to the idea that its defeat became the No. 2 priority of the White House Conference on Small Business—after relief from the liability insurance crisis.

Of particular concern to smaller firms were the costs of replacing workers on parental leave and the difficulties of meeting a requirement to guarantee the workers the same or equal jobs when they returned. The proposal originally called for exempting only firms with five or fewer workers. Small firms were not placated when the exemption was increased to 15, because of the ease with which the number could be reduced in the future.

The sweeping terms of the bill, which died with the 99th Congress' adjournment in October but is expected to be revived in the new Congress convening next month, were seen as evidence of the heavy-handed approach the federal government would take if it became deeply involved in child care.

Spearheading opposition to the measure was the U.S. Chamber of Commerce, which said enactment would do serious harm to the longstanding system of employee benefits developed without government coercion.

In approaching the question of helping employees with child care, experts say, employers should realize that the benefits do not flow in just one direction. Such assistance can improve the bottom line, says J. Bassett Place, Jr., president of Developmental Child Care, Inc., of Westport, Conn., which advises companies on ways to establish child care arrangements.

"Working parents spend an average of 10 hours on the job making arrangements every time a new situation is needed," he says. "And it's not uncommon for parents to change child care providers two or three times a year."

Child Care Systems, Inc., a Lansdale, Pa., consulting firm, reports research it has done shows that working parents miss an average of eight days a year to deal with child care problems.

Occasionally, 3-year-old Andy Thielk briefly visits his mom, senior designer Janine Thielk, in her office at Group 243, Janet Muhleman's ad agency. The company's on-site day care center, where Andy spends much more time, perks up even nonparents among employees.

Warner Dalhouse, president and chief executive officer of Dominion Bankshares Corporation, says a child care center the bank recently opened for its 900-employee headquarters in Roanoke, Va., "is not an altruistic venture."

Dalhouse explains: "We do everything with the objective of profit. Seventy percent of our work force is made up of women. A major portion of those women are of childbearing age. We're going to ease those minds. We're going to help. And we're going to end up making more money."

There is good news for the bottom line, he explains, "in reduced absenteeism, in reduced tardiness, in reduced turnover, in improved productivity, in improved quality of our recruiting options, in improved morale, in enhanced corporate image."

A similar view is expressed by Janet Muhleman, president of Group 243, Inc., an Ann Arbor, Mich., advertising agency. She recalls that the question of child care hit home at her firm when a top ad designer left because she had been unable to find adequate facilities for her child. The issue gained a higher priority when several others in the firm—including the boss, Muhleman herself—became pregnant.

The company set up an on-site facility for use by any of the 150 employees needing child care arrangements. The worker and the company share the $162 weekly fee. David Jansen, the firm's human resources director, says the impact on morale is apparent: "When you're having a bad day, you just walk over to the day care center. After spending 10 minutes playing with your kid, things at work don't look as bad. Even employees who don't have children in the center walk over there to get perked up."

Muhleman says the four-year-old center is expensive, but the investment pays off in increased morale and productivity. "The cost simply comes off the bottom line, and I really don't think about it," she says.

Broader evidence of the benefits to employers comes from a report on a three-year study, funded by the Department of Health and Human Services in 1981, of child care programs at 415 hospitals and midsized businesses across the country.

The National Employer Supported Child Care Project, as the study was called, shows that 90 percent of the hospitals and businesses surveyed report employee morale improved as a result of a child care program, 85 percent cite an increased ability to recruit and retain workers, 65 percent cite lower turnover, and 53 percent report a lowering of absenteeism.

Employees also were surveyed. Thirty-eight percent say the availability of child care arrangements was a factor in their going to work for the company to which they applied, and 69 percent say the arrangements were a factor in their staying in their jobs.

Against that background, Daniel C. Lazorchick of Bethesda, Md., a consultant on employer-supported child care, asks the obvious question: "If employer child care initiatives have proved to be such winners, why haven't more firms joined the parade?" He provides his own answer:

"Historically, businessmen have thought of child care primarily in terms of on-site centers, costly to build, expensive and risky to operate. That path was something to be avoided if at all possible. The companion piece for others was to think of child care as the province of church groups and other community-based organizations reaching out to aid the disadvantaged . . . . The dramatic changes in the composition of the work force as well as the demographic projections for the period immediately ahead are stubborn facts of life in 1986. Women with preschool children are the fastest-growing segment of the labor force . . . . The vast majority of these women work out of necessity, not choice."

One thing for employers to keep in mind is that on-site care is not necessarily the first choice of all workers; many might prefer alternatives that are within the ability of smaller companies to provide.

Carole Rogin, executive director of the National Association for Child Care Management, says: "A little bit of assistance can make a big difference to parent-employees. There are some key things about the way parents choose child care that are uniquely in small business' favor."

Rogin, whose Washington-based association represents 200 companies providing child care services, explains: "Parents like freedom of choice, and our research shows that many prefer child care closer to home than to the workplace." Parents, she says, might find it a harrowing experience to transport a small child twice a day in rush-hour traffic. Apart from commuting problems, she adds, the parents might prefer a neighborhood day care facility on the theory that it keeps the child in a familiar environment.

Those attitudes can make the concept of child care less threatening to smaller business owners, who might otherwise see only a stark choice between costly, on-site centers or no arrangements of any kind. The Work and Family Information Center of the Conference Board, a business-research organization, says: "As an alternative to starting their own child care centers, some employers will concentrate on helping their employees pay for child care al-

Child care, notes the Employee Benefits Research Institute, is offered now as a benefit by a relatively small, but growing, number of employers and, because of demographic trends in this country, has been called "the employee benefit of the 1990s."

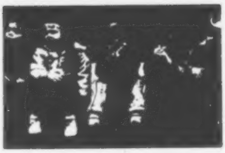
ready provided in the community. In this way, they can allow employees to choose their own arrangements and, as a result, serve a greater number of working parents with a variety of child care needs."

For most employers, the biggest hurdle to deciding whether they should embark on some form of child care assistance is the usual one—getting started. The most direct route, experts say, is a determination of employee needs. Margaret Rappaport, a partner in a Philadelphia management consulting firm with a child care services division, recommends: "Ask how many would be involved in some kind of child care arrangement, the ages of their children and their current arrangements for having those children taken care of." Employers, Rappaport says, should also seek workers' opinions on the various options and how much they are willing to contribute to the costs of an employer-assisted child care program.

As a growing number of employers explore the possibilities of providing or helping with work-hours care of employees' children, the number of entrepreneurs launching or expanding businesses to meet the demand also grows rapidly.

Bassett Place, who is 32, founded Developmental Child Care, Inc., after working as assistant director at a New York City nursery school and later as community development/philanthropic officer for Chase Manhattan Bank. One of his assignments in the latter job was to research trends in employer-supported child care. Unable to find a consulting firm that met the bank's requirements, he decided to found his own.

After two years, he reports, the firm has five full-time employees and a con-



sulting committee of 45 people with expertise in finance, marketing, tax law, real estate, medical care, child psychology and early-childhood education.

By the time Eleanor Nelson finished with her voluntary project of setting up child care facilities in the office park her husband had developed in Waltham, Mass., she had not only established a day care center but an after-school program, a library of resource material, and an information and referral service.

With that experience under her belt and with three newly hired assistants, she went into business helping Boston-area companies develop their own programs. Her Workplace Connection also conducts seminars on parenting and child care training.

Businesses specializing in care of children with minor illnesses were a natural sequel to the growth of employee child care. Matsom's and Johnson's Chicken Soup, Inc., in Minneapolis charges $30 a day or $20 a half-day to care for sick children. The youngsters are cared for by a full-time nurse and teacher, with additional staff on call in case the number of children present increases on any given day.

A similar company, Rainbow Retreat, opened last spring in Newport Beach, Calif. Parents can register children for a $25 fee in advance of need.

Patricia Ward of Catalyst, the New York organization dealing with workplace issues affecting families, says one effective approach is for an employer to invite representatives of a community group to come in, talk about ways to balance work and family, and gather information on the workers' needs.

"An employer is not only providing a service to employees, but is also listening very closely to what questions and comments surface," Ward points out. This gives employers an idea of what types of child care their employees are interested in.

The importance of determining long-term needs was illustrated by the experience of a Baltimore labor union that opened six child care centers. Ten years later, all were closed. The work force in the plants served had a relatively low turnover rate and had simply aged itself out of a need for child care facilities.

As overall demographic studies indicate, however, the general trend is in the opposite direction, and the prospect is for increased employer-employee interest in meeting child care needs.

The trend is illustrated by developments at the Bloomfield, Conn., headquarters of Cigna, a leading insurance company.

Cigna's child care center, which is open to the public as well as to employees, has a waiting list of requests for places for 170 children. About a third of the children have not yet been born.

"Women call us as soon as the doctor says 'yes,' " says Alison Kenworthy, director of employee services. "There are even three women on the list who aren't pregnant yet." ■

Some Tips On Tots For Small Firms

For employers, planning a child care program can mean a big investment in time, effort and money. It requires careful study of employees' needs, of child care facilities available in the community and of the company's resources and goals. But, says Penny O'Brien in her book, *How to Select the Best Child Care Option for Your Employees* (Almar Press, Binghamton, N.Y.), "employer-supported child care is cost-effective when measured by productivity, reduction of absenteeism, improved employee morale and stability in the work force." Providing child care aid also enhances the company's image.

In her book, O'Brien lists a number of options for employers to consider when weighing employees' needs against the company's budget.

Information and referral services. "Parents frequently have difficulty locating child care facilities that are accessible and reasonably priced," says O'Brien. Employers can help their employees find outside day care programs by establishing an information and referral service. An I&R maintains information about available child care facilities—such as the hours, fees and type of program, as well as which facilities have openings.

Referral can be a fairly inexpensive type of support, says O'Brien. A staff member can be assigned to gather information about community day care programs, or the employer can contract with a local child development agency to provide this service.

Lectures and seminars—the information aspect of the I&R—are also inexpensive for employers. Child care experts can hold lunchtime or after-hours sessions to advise parent employees on how to balance work and family.

Voucher or vendor programs. In a voucher program, employees are reimbursed directly for all or a percentage of their child care costs. Employers avoid any liability claims in this situation because employees are free to choose the type of service that best suits their family's needs. The employer is not involved in selecting or evaluating the quality of the child care.

In a vendor program, the employer reserves and pays for slots that are held open for employees' children in a day care center or a private home. Many commercial centers offer discounts to employees whose employers hold slots.

Day care employee Juanita Pingry pushes a full six-seater stroller to a park near Dominion Bankshares Corporation headquarters.

Flexible work schedules. Employers may help reduce employees' need for outside child care arrangements by offering flexible work schedules—also known as flextime or flexitime. This allows parents to adjust their working hours so they have more time to spend with their children. The workweek can be changed, allowing the employee to work four 10-hour days or six days with shorter hours.

Some companies require employees to work an eight-hour day and be at the office during specific core hours, such as 10 a.m. to 3 p.m., but permit arranging the workday around those hours to suit family schedules. Other employers permit job sharing, in which two or more workers share the responsibilities and hours of one job. And with the mobility of computer terminals, some employers even let certain employees work out of their homes.

On-site child care centers. An advantage of having an on-site day care center, says O'Brien, is the increased time available for parents and children to spend together—during lunch hours and on the commute to and from work.

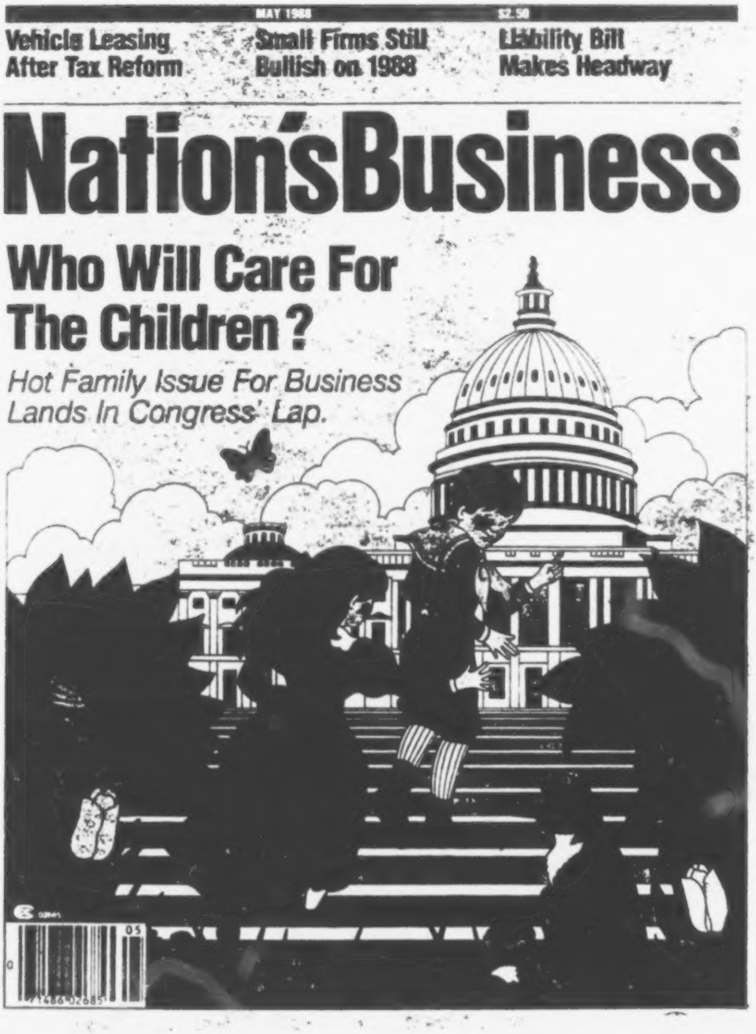
The employer can operate the center or use the services of child care consultants to do this. The business can also form a subsidiary to develop and run the center. The center can be nonprofit or for-profit. Operating costs may be met by tuition fees from parents, or the employer may pay all or part of them, using them as business expense tax write-offs.

Sometimes the employer merely provides in-kind contributions. The contributions can include utilities, custodial, maintenance and secretarial services, public relations expenses and rent-free space. The company may also assume the center's legal and accounting costs. A day care center's insurance fees may be covered under a company's insurance plan, and meals may be prepared at a company cafeteria.

Consortia. Two or more companies that cannot support an on-site or even near-site center individually can share responsibilities and resources to establish a facility at a central location. This is becoming increasingly popular with small companies in office and industrial parks. Once the center is running, many consortia require employees to be responsible for its operating costs. In some cases, consortia hire consulting firms to manage the centers.

For more information on employer-supported child care, write:

- National Association of Child Care Management, 1800 M Street, N.W., Suite 1030N, Washington, D.C. 20036.
- National Association for the Education of Young Children, Child Care Information Service, 1834 Connecticut Avenue, N.W., Washington, D.C. 20009.
- Resources for Child Care Management, P.O. Box 669, Summit, N.J. 07901.
- Work and Family Information Center, The Conference Board, 845 Third Avenue, New York, N.Y. 10022.
- Catalyst, 250 Park Avenue South, New York, N.Y. 10003.
- Resources for Parents at Work, 722 Westview Street, Philadelphia, Pa. 19119.
- National Association of Hospital Affiliated Child Care Programs, 11 N. Batavia Avenue, #2B, Batavia, Ill. 60510.



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Who Will Care For The Children?

Hot Family Issue For Business Lands In Congress' Lap.

COVER STORY

Caring For The Children

By Roger Thompson

Sixteen years have passed since Congress last approved legislation to establish a national child-care program. Under that plan, child care would have been free for the poor and subsidized for middle-income families. But the bill never made it off President Nixon's desk.

In a stinging veto message to Congress, Nixon said the $2.1 billion-a-year plan demonstrated "fiscal irresponsibility, administrative unworkability and family weakening implications." Although the Senate had passed the legislation by almost a 4-to-1 margin, it fell far short of overriding the veto.

Child-care legislation is once again before Congress, and no doubt critics will echo Nixon's concerns about the federal government's proper role. Time, however, appears to have wrought change in political attitudes toward a government role in child care.

Since 1972, married women with children under the age of 3 have been the fastest-growing segment of the labor force, causing a dramatic increase in the demand for child care. Today, more than 8 million children under the age of 5 have mothers who work. Surveys show that most parents have great difficulty arranging for quality child care. And one survey indicated that dissatisfaction with the arrangements that are made is the most reliable predictor of employee absenteeism and unproductive work time.

Growing awareness that child care is linked to the nation's economic health has helped give the issue a new sense of urgency. Within a matter of months, child care has become the hottest family topic before Congress.

"We already know that child care is showing up on the bottom line of some companies," increasing productivity and decreasing absenteeism, Labor Secretary Ann McLaughlin told participants at a major child-care conference in New York in March.

With the child-care issue recast in such terms, it is not surprising that for the first time in 16 years a major child-care bill may win congressional approval. While the push is being led by liberal Democrats, many conservative Republicans have thrown their weight behind child-care legislation. Two thirds of the Senate's members are sponsoring some sort of child-care measure. This bipartisan support only reflects political reality. Recent opinion polls indicate that there is broad public support for an expanded federal role in child care.

Thus, the debate on Capitol Hill is no longer *whether* the federal government has a role in child care, but *how extensive* that role should be. Bipartisan support for the issue does not mean Congress has reached a consensus, however. In fact, two vastly different bills have emerged as leading contenders for congressional action.

First in the legislative hopper was a $2.5 billion-a-year bill introduced last

Growing awareness of its link to the nation's economic health has made child care the hottest family topic on Capitol Hill, and Congress for the first time in 16 years may pass a major child-care bill.

Sen. Orrin Hatch, author of a pending child-care bill, takes charge—if only briefly—of the kids at the Learning Tree Day Care Center back home in Salt Lake City.

summer by Sen. Christopher Dodd (D-Conn.). His bill, called the Act for Better Child Care Services, or ABC, would subsidize day care for low- and moderate-income families, establish minimum federal standards for child-care providers and earmark funds to improve the training of child-care workers. It has 37 Senate sponsors (a companion bill in the House has 160), plus support from dozens of child-care advocacy groups.

Far less expensive and intrusive is a bill introduced last September by conservative Sen. Orrin Hatch (R-Utah). His bill, the Child Care Services Improvement Act, would spend $375 million in its first year—$250 million in block grants to public, private and family day-care centers, $100 million to establish an insurance pool to help lower the cost of liability coverage for child-care providers, and $25 million for a revolving loan fund to improve child-care facilities. The bill also offers a one-time tax credit to businesses that establish day-care centers. It leaves standards in the hands of states and local governments.

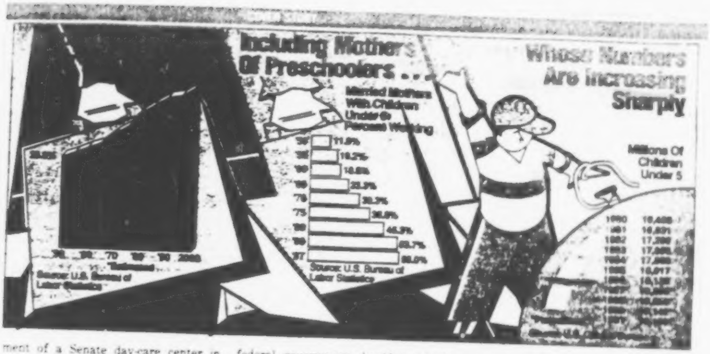
Sponsors of both bills are optimistic about congressional action, if not this year, certainly in 1989, Suzanne Martinez, an aide to Sen. Alan Cranston (D-Calif.), told the New York child-care conference. It was sponsored by the Child Care Action Campaign, a coalition of business executives, government officials and academics.

"There is a growing consensus on Capitol Hill that child care is a national problem that merits federal action," said Martinez, an authority on child-care legislation. She noted, however, that Congress has a short calendar this election year and may run out of time to deal with the issue.

Hatch, however, is optimistic that a compromise child-care bill, largely reflecting his priorities, will land on the President's desk this year. He maintains that without his seal of approval, President Reagan would veto any child-care bill Congress passes.

The primary goal of his bill, Hatch explains, is to give the private sector incentives to address the child-care problems faced by working parents. "My legislation proposes breaking down some of the liability and tax obstacles that have discouraged many potential child-care providers from moving into this field. These reforms would help increase the overall availability of child care as well as help to lower costs." He contends that Dodd's bill, in contrast, would spend "a horrendous amount of money" on existing child-care facilities without adding to the supply.

Hatch, who opposed the establish-



ment of a Senate day-care center in 1984, says he gradually has come to understand that child care is not a liberal or conservative issue, but a family issue that deserves a federal helping hand. "While I personally believe that children benefit much more from having a full-time parent, I realize it is wishful thinking to expect a return to 'Ozzie and Harriet' style families."

So far, fewer than a dozen senators have cosponsored Hatch's bill. But he has landed the qualified support of several influential business groups, including the U.S. Chamber of Commerce.

The Chamber's board of directors in February unanimously adopted a resolution that essentially embraces the thrust of Hatch's bill.

The resolution read, in part: "[T]he federal government should resist the temptation to mandate specific employee benefits, to regulate previously unregulated industries, to subsidize or compete unfairly with private-sector day-care centers, or to impose a costly and monolithic federal child-care program."

The board decided to act, says Virginia L. Thomas, a Chamber labor-relations attorney, because child care "is a legitimate emerging need in the workplace. The business community has to be involved, and there is no doubt that Hatch's bill better accommodates the needs of business than the ABC bill."

Businesses already are showing a growing interest in providing child-care services to their employees. A 1987 survey by the Bureau of Labor Statistics estimated that 25,000, or 2 percent, of businesses and government agencies with 10 or more workers sponsor day-care centers, and an additional 35,000, or 3 percent, provide financial assistance for day-care services. An additional 6 percent of employers offered other types of help to workers seeking child-care arrangements: either information and referral services or counseling services.

Employers who become involved with child-care services are rewarded on the bottom line, according to a forthcoming Small Business Administration study.

The study found that employers who offer some kind of child-care assistance have noted increased worker productivity; more successful recruitment; reduced turnover, absenteeism and lateness; enhanced morale; and positive publicity.

While the Chamber applauds Hatch's bill for offering the private sector in-

Recognizing Quality Child Care

Employers who invest in child care want to be sure they are supporting a quality product. But because the regulations and standards governing child-care operators—from family-care providers to commercial centers—vary from state to state, it's difficult to pin down the criteria for high quality.

South Carolina, for example, licenses centers that have at least one adult for every eight babies, while Maryland insists on a ratio of one care-giver for every three infants and Arizona sets a standard of one to five.

To assist employers and parents in their search for quality child care, the National Association for the Education of Young Children is seeking to accredit programs that meet a long list of criteria. So far, the group has accredited 400 programs out of 60,000 nationwide. The most important factor in determining quality, says the professional association, is the staff-to-children ratio. The organization says there should be at least one adult:

- For every four infants.
- For every five children 12 to 24 months old.
- For every six children 2 to 3 years old.
- For every nine preschoolers.

In evaluating child-care centers, you also should look closely at staff-child interactions, staff qualifications and the type of physical environment that supports the program; for each child there should be at least 25 square feet of indoor space and 75 square feet of outside play space.

NAEYC suggests that if you are considering supporting or referring employees to a particular center, you should spend a day there, keeping in mind such questions as: Do the staff members and children seem to enjoy and respect one another? Are there planned activities that promote child development? Are rigorous sanitary procedures strictly enforced? Is the center physically secure?

For free information on employer-assisted child-care options, including a booklet on how to recognize quality programs, contact: NAEYC, 1834 Connecticut Ave., N.W., Washington, D.C. 20009; (202) 232-8777, or (202) 424-2460.

—Karen Berney

Public-Private Initiatives

While probably no state would turn down money from the federal government to expand and upgrade child-care services, states are not keen on seeing those funds tied to federal decrees. Vermont's Gov. Madeleine Kunin told participants at a major child-care conference in New York recently. The states and their private sectors "think a lot can happen without mandates," she said, and "they want the flexibility to do it themselves."

Indeed, cooperative efforts between corporations and state and local governments have been targeting child care for some time. "The depth of cooperation is truly unique," says John E. Kyle, a consultant to the National League of Cities. Increasingly, businesses are recognizing that "a good start makes for better employees in the long run," he says, and they understand that child-care needs cannot be satisfied by government alone.

There are few public-private partnerships for child care, and most are at the city level. But as the success of these partnerships in states such as California is broadcast, other state and local agencies will craft similar models, many believe. Here's what three public-private partnerships are doing:

- California has the most far-reaching partnership in the country. The California Child Care Resource and Referral Network has trained more than 1,200 new family-care providers in 70 communities to create more than 6,000 new spaces for children.

The $3 million for the project, now in its third year, was raised under the auspices of the Bank of America Foundation, which stimulated tax-exempt contributions from private foundations and more than 33 companies.

A major reason for the project's success, says Director Merle Lawrence, "is that the companies do not feel they are throwing money down a bureaucratic black hole."

- In Texas, the new Child Care Partnership of Dallas, a nonprofit organization, uses state, local and private funds to help Dallas centers reach the quality standards set by the National Association for the Education of Young Children. (See Page 20.) So far, $350,000 has been contributed by local firms.

- North Carolina's Child Care Resources of Charlotte draws on a fund supported by the county, with matching funds from the business community. The money is used to pay for child care for welfare parents willing and able to work. Resulting savings on welfare are returned to the fund to avoid additional public expenditures.

States also work with businesses to promote child care by providing tax relief.

For example, Florida lets employers deduct 100 percent of the start-up costs of an on-site child-care center. Connecticut permits a 50 percent tax credit for firms that offer employees child-care subsidies, and it grants a corporate investment or renovation credit of up to 40 percent for contributions to nonprofit centers and up to 30 percent for donations to profit-making ones.

In addition, just over half the states provide income-tax credits or deductions for families' child-care expenses. These credits are related to the federal child-care credit, which allows for a 20 to 30 percent deduction based on a family's income. The states' credits range from 10 percent of the federal credit in Arkansas to 45 percent in Iowa.

Perhaps the most creative initiatives are occurring in cities. Sacramento, Calif., for example, uses zoning and planning rather than ordinances to expand the supply of child care. Developers who include a child-care center in a commercial complex receive priority consideration as well as one-stop shopping for building permits and licenses. Residential developers who include bikeways and playgrounds in their plans receive similar treatment.

Another zoning incentive gaining popularity involves extending floor-area bonuses for building child-care space. In Hartford, a developer obtains six additional square feet of floor area for each square foot of child-care space provided. Added bonuses are available if the indoor area is combined with outside play areas such as playgrounds.

Child-care advocates are good sources of information on private-public partnerships and on state and county programs that help employers and employees find and pay for child care. For a state-by-state listing of advocates, send for a copy of the *State Child Care Fact Book, 1987*, available for $7.45 from the Children's Defense Fund, 122 C Street, N.W., Washington, D.C. 20001.

—Karen Berney

centives to expand child-care services, it stops short of a blanket endorsement. Particularly troubling to the Chamber is the requirement that any business offering a so-called cafeteria benefits plan must add child care to the plan. "That's considered a mandated benefit," and the Chamber opposes any such federal mandates, says Thomas.

Dodd's bill, however, poses far more problems for the business community. Among them are federal regulation of day-care providers, a multibillion-dollar expenditure at a time when Congress is trying to reduce massive budget deficits, and failure to aid businesses with child-care liability insurance. The National Governors' Conference also has criticized the Dodd bill for advocating federal child-care standards.

Dodd maintains that the regulations he envisions are minimal. The bill would establish a national advisory committee to set standards in five areas: child-staff ratios, staff size, health and safety, qualifications for day-care providers, and parent involvement. The standards would apply to home-care providers as well as day-care centers. States would have five years to phase in compliance.

As for costs, Dodd says opinion polls consistently show that an overwhelming majority of Americans support greater federal involvement in child care, including higher government expenditures.

Dodd also ties his legislation to welfare reform. The federal government spends $10 billion a year to support welfare mothers, many of whom say they can't go to work because they don't have access to affordable child care. Research shows that quality programs, such as Head Start, also help children from poor homes develop the skills necessary to become productive members of society.

"The conservatives can't have it both ways," says Dodd. "They can't argue that welfare mothers should go to work and deny a government role in helping them with day care."

In fact, conservative think tanks in Washington have criticized both the Dodd and the Hatch bills. "Hatch is just 'me too, but cheaper,' which is the traditional Republican response to new Democratic social programs," says Douglas J. Besharov, a resident scholar at the American Enterprise Institute. "But there is nothing in the Hatch proposal, once enacted, to keep it from be-

Child Care By Consortium

The Tysons Corner Play and Learn Children's Center was spearheaded by a consortium of 22 local businesses that contributed money and expertise. For Cindy Hogge, employed at one of the member companies, it's a joy to share the drive to and from her office with her daughter Monica (the pig-tailed little girl second from the left).

"My mommy is coming to take me to lunch," Monica Hogge, a wide-eyed 4-year-old, tells a visitor at a child-care center in an office park in Tysons Corner, Va. "We're going to Pizza Hut."

Taking her daughter out for lunch is a weekly ritual for Cindy Hogge, whose office is just a short walk from her daughter's child-care center.

A single mother, Hogge used to take Monica to a neighbor's house, then drive 45 minutes to the office. But now "we get an extra 1½ hours a day in the car together," Hogge says.

Cindy Hogge is a purchasing agent for Engineering Research Associates, Inc., a designer of computer systems. She is one of three employees at her company taking advantage of its support of the Tysons Corner Play and Learn Children's Center (PAL). Launched by a consortium of 22 companies, the genesis of PAL shows how local businesses can pool resources to minimize the costs of setting up a child-care center for their employees.

"Building a child-care center is much cheaper than you think," says Frank McCarthy, executive director of the National Automobile Dealers Association and president of the board that got PAL up and running. "And, it results in favorable public relations within your community and company that is worth every penny you'll spend."

The founders of PAL came together through participation in TyTran, an association of executives who confer from time to time on traffic problems in the area. Meetings generally included discussion of how child care affects workers' travel patterns. So TyTran commissioned a study of the problem.

That job went to Sherri Sheridan, the director of PAL Corporate Child Care, Inc. She found that 800 children were candidates for an on-site child-care center and recommended that TyTran members form a consortium to build one. The proposal was not greeted with enthusiasm. The firms "were scared to death of being slapped with a $10 million lawsuit," Sheridan explains. It was the height of the liability crisis, and stories about child abuse in day-care centers were front-page news.

It looked like PAL would never happen, but then Earl Williams, CEO of BDM International, Inc., a defense contractor, stepped in. Rep. Frank Wolf (R-Va.), who had heard that a child-care center might be built in his district, had urged Williams to mobilize the support of his fellow CEOs.

That was the critical first step. "The impetus had to come from the top," says McCarthy. "For only the CEOs could designate one of their top executives to serve on the board that would be needed to pull the whole thing together."

Made up of representatives from 15 companies, PAL's founding board of directors convened every three weeks for the next nine months. Many of the two-hour morning sessions focused on removing the biggest obstacle to an employer-supported center—liability.

Melanie Riley, a board member and attorney for McGuire, Woods, Battle and Boothe, found a solution in incorporating the center as a nonprofit, parent-run cooperative that is tax-exempt under Section 501(c)3 of the tax code. That made the parents liable in the event of negligence but enabled the companies to make tax-exempt charitable donations to a start-up fund; for a $1,500 contribution, they reserved one space in the center.

The fact that PAL is run by parents was recognized by its insurance carrier as a safeguard against negligence. That lower risk is reflected in PAL's insurance premium of $5,000 a year for a $2.5 million policy.

With more than 30 companies backing PAL, the consortium quickly raised close to $115,000 to reserve 67 spaces out of a total of 87; an additional $35,000 was secured under terms of a low-interest bank loan.

Next, the consortium hired Sherri Sheridan to handle the details—getting PAL the myriad of licenses required by local and state agencies. "This is where you bump up against the tyranny of petty authority," she says.

For instance, one Virginia rule requires a $10,000 commercial refrigerator in centers that prepare food. Because PAL planned to use a catering service for meals, Sheridan argued that an ordinary $500 refrigerator would be sufficient and got the state planning board to approve the change. But the health inspector who visited PAL a few days before its grand opening insisted that the center install a commercial refrigerator. Sheridan is appealing the department's decision.

Sheridan also found PAL's developer who says he saw in PAL the opportunity to add an "amenity that might help attract tenants." Indeed, Ed Romanow president of the Westerra Group in San Diego, was so committed to the project that he subsidized the construction cost of the 4,000-square-foot center; PAL's annual rent amounts to paying $20 per square foot even though Romanow spent $40 per square foot to comply with state regulations.

Now out of the picture, the founders can reserve future slots for their workers by contributing the equivalent of $1 per employee a year to PAL's budget.

—Karen Berney

coming a multibillion-dollar program within a few years."

Robert Rector, director of domestic policy at the Heritage Foundation, maintains that Dodd's bill engages in "reverse Robin Hood" distribution of federal funds. It would transfer tax dollars from working-class and low-income families who can't afford to put their children in day care to more affluent two-earner families, which are the major users of the day-care centers.

Rector maintains that tax reform is the most equitable solution to the child-care problem because it requires no new bureaucracy and allows parents to make their own choices. Accordingly, the Heritage Foundation has joined a coalition of pro-family groups calling for parents to receive a direct tax credit of $750 a year for each child under the age of 6, and for expanded refundable earned income tax credits for low-income families.

Dodd, who dismisses the tax reform alternative as unrealistic, says: "You have to help poor people throughout the year, not just at tax time."

Hatch admonishes his conservative friends to "get their heads out of the sand" and realize that child care is a problem that "requires giving the family a boost" through a variety of federally sponsored efforts.

Although the federal government has no program solely to provide direct assistance to families needing child care, it already spends over $4 billion annually on child-care services. The dependent-care tax credit, the largest government effort to help families with child care, represents about $2.7 billion a year in forgone revenues. Middle- and upper-income families are its prime beneficiaries.

Social services block grants to the states and Head Start's educational day-care programs for children of the poor represent an additional $1.3 billion a year. But this sum is smaller than in previous years. The block-grant program was reduced by 20 percent in 1982, and even with subsequent increases, 1988 expenditures adjusted for inflation are less than half those of 1977.

Whatever Congress decides to do about the pending child-care legislation, it is clear that the issue for employers is only going to grow in magnitude. The Labor Department projects that by the year 2000 approximately 47 percent of the work force will be women, and 61 percent of all women will be at work. Moreover, women will constitute about three fifths of the new entrants in the labor force over the same period.

The presence of women in the workplace will be all the more important because the supply of labor in the 1990s will grow more slowly than at any time since World War II. Employers will be competing not just for profits but for qualified workers, more and more of whom will be women. Says Hatch: "The businesses that are smart will do something about child care." ■

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Mr. **Kildee**. Thank you very much, Ms. Mankin.

Ms. Hartman.

STATEMENT OF DR. HEIDI HARTMAN, DIRECTOR, INSTITUTE FOR WOMEN'S POLICY RESEARCH AND PROFESSOR OF SOCIOLOGY AND DIRECTOR OF WOMEN'S STUDIES, RUTGERS UNIVERSITY

Dr. **Hartman**. I too would like to congratulate you all on your patience.

I would like to try to summarize my comments and submit the full testimony for the record. Perhaps I'll also add some information in the 2-week period.

Mr. **Kildee**. Yes, Doctor.

Your written statement will be inserted in the record at the conclusion of your oral statement.

Dr. **Hartman**. Thank you.

I thought that I would try to have five points, 1 minute per point. We'll see how well I do.

As an economist, and also a director of women's studies at Rutgers University, and the director of the Institute for Women's Policy Research, which is a non-profit research institute here in Washington specializing in public policy issues of special interest and importance to women—I thought as an economist I would try to look at child care services as a market.

What can we tell by doing an economic analysis of that market?

The first point is that this market is very diverse. I think we've heard that here today. It has a formal sector, an informal sector, it has subsidies of various kinds. Many providers are for profit, some not for profit, and many are public agencies.

There is a lot of limited information about all of these options that are out there. Parents, to some extent, are overwhelmed, and find it difficult to make an adequate choice because of inadequate information.

What parents have to do, faced with the need for child care, is to look at their income and their time constraints, the incentives that come from the various forms of subsidies, and make a decision, go out there in the market and make a choice.

Second, what are they choosing to do? Some 8 million children do have working mothers. For working mothers, center based care appears to be the growing choice. It's now up to 25 percent of all the children of working mothers who are now in organized group care. As Dr. Kahn pointed out earlier, women who don't work outside the home are also increasingly using group care.

Now, much has been made of the fact that higher income women, those in higher level jobs who are professionals, are more likely to use group care, the center based care, and there was some thought that this bill would subsidize them.

Economists have a concept that is called revealed preferred. It suggests that those who have the money to choose among a variety of choices—the one that they actually do choose is for them revealed preferred to all the others that they didn't choose.

Clearly, for working mothers who can afford it, the center based care is increasingly revealed preferred.

Now, we also know that as income goes up, you rely much less on relatives for child care. With older people, we have accepted this. We say, gee, older people don't want to be dependent on their relatives. They like to be economically independent, and they like to have the money to live in their own apartments and keep their own house.

For some reason, we're not willing to say here that probably there is a tendency in the market, I think the marketplace is bearing this out, for center care to grow as people's incomes grow. This is a revealed preferred choice. Those that can afford it, want it. I think it's time for us to look at that.

Child care is a major need, and I think that most families really don't want to be dependent on their families for such a major need. If they can be, because it's cheaper, find. Most of the relatives who are doing the child care are fathers. Most of those fathers, if you look at the data, are working full time. That's a hell of a child care system.

This means that mother and father are never seeing each other. Now there has been a lot of research on that shift work, and that's what's going on in that situation.

I don't think this reliance on our family members is the ideal. I think that people would rather have the money to be independent and to get organized group care.

The fact that this is growing, and that even women who don't work outside the home are using it more and more—this shows that this is the direction that we will be going toward in the future.

On the other hand, from my reading of the ABC bill, and my understanding of it, the ABC bill is trying to bend over backward to give something to all kinds of providers. I don't really see the concern about whether or not center care is what people want.

The third point is that child care is expensive, especially relative to family income. An average, based on Census Bureau data is $38 per week. That equals about $2,000 per year for one child under 6. I don't know where that $1,000 from the census data came from.

A survey of income and program participation makes it pretty clear that it's $38 a week. One-third pay over $2,600, and relative to family income, that's a lot of money.

Again, Mrs. Schlafly has stressed the high earnings of two-earner couples. But the parents of children under 6 are poorer than other parents. They have an average family income of about $24,000 per year. The average family income in our society is about $30,000 a year. If you're looking at $24,000 a year, and an average cost per child of $2,000, you're looking at child care costs of nearly 10 percent. If you have more than one child, that's definitely over 10 percent.

If you're talking about families headed by women, they have average income of about $13,000. But, if you are talking about extending that to talking about families headed by women who have children under 6, their average income is $6,400. These are very low family incomes, out of which people have to pay fairly high child care costs.

Families are working in order to achieve economical security, but those child care costs are preventing them from doing that. The most staggering figures of all are if you look at young parents under 25 who have children under 6. They have a poverty rate of 40 percent. Two-fifths of young parents with children under 6 are poor.

The fourth point: quality of child care is likely to fall. The low wages that are paid to child care workers are basically unstable. This is an unstable situation unless we do something about it.

The average child care worker, according to some research that we did at the institute, earns $5.34 an hour. That's higher than you may have heard, because that includes teachers—prekindergarten teachers, nursery school teachers. Some of these work in the public school systems and do quite well.

However, the average woman in our society—and we all know how underpaid women are in general—earns $8 an hour, and the average man earns $12 an hour. This turns out—and the testimony here today has brought this out also—that the average child care worker has well above average education—14.6 years, including these teaches and so forth that I've averaged into the wage. I'm averaging them into the years of education as well.

The average in the labor market as a whole is 12.2 years.

What this means is that these teachers and workers in child care can go somewhere else. As their options expand and as we face a labor shortage economy which everyone expects we will be facing—if we don't do something, it's absolutely clear that the quality of child care will fall.

Turnover rates are already extremely high and getting higher. There are many businesses that seem to be based on the feeling that there will be an inexhaustible supply of qualified women at low wages. But that inexhaustible supply, I can assure you, is drying up.

Fifth point: benefits are becoming less privatized. That is, the benefits of having children are becoming more social, but the costs are still privatized. That's the basic contradiction that we're experiencing in raising children today.

Women used to expect that they could reap private economic benefits from being homemakers and mothers full-time. They would take care of the husbands, and the husbands would take care of them. They would take care of the children, and God knows, perhaps in their old age the children would take care of them.

That's not a root economic security that most of us expect will work any longer. Most women, I believe, are in essence voting with their feet to choose a different route to economic security.

The contradiction is that what we used to get for free, when women did it at home, we now, as a society, have to pay for. We should pay for it as a society, because the benefits of having a child raised well, as we know, are social benefits.

I think that raising kids is a lot like having a Mom and Pop store. It's funny that we call those small retail businesses Mom and Pop stores. That's just what raising kids is like. You have to self-exploit like crazy, especially in the early years of the business, working very long hours with very little rewards.

You hope that someday you'll get your reward. That was a private reward. You get the profits from the store, and the kids used to follow in the family business or on family farms. They don't now. The benefits are now shared, but those costs are now private.

The benefits are shared in the sense that I think we all know the benefits of a well-raised child do reflect on all of us as a society. We have higher productivity, we have less crime, we have better participation as citizens by children that have been raised well.

This is what an economist calls an externality. If you mow your lawn, you make your neighbor happy as well as yourself. That's what raising kids is like these days. Other people are benefiting from all that incredible work that parents are putting into children.

The inability to pay that parents experience is something that in a sense has to be made up by the society if we want the market to work right. The private market is not understanding the signals that are coming from the public benefit, so the market is not operating property. It's operating inefficiently. This is a very sound economic reason for public intervention.

To give you one that's perhaps clearer than the notion of the externalities—if I don't invest enough in child care, the rest of you out there will pay. So it pays for society to invest in child care. That's the externality argument, which we've used to support public schools as well.

But another example of market failure, which is what economists call this, is the information and regulation aspect of it. I've talked about the market being very complex. The costs of getting information are very high to an individual.

Also, the costs of regulating safety, or health, or quality, are very high to the individual parents. They simply don't have the time or the expertise to do it. That's a case where there are economies of scale, and in getting that information together and in regulating those providers.

This is a lot like the Employment Information Service. Because we realize that we want to get unemployed people together with employers, we invest money into making that happen, since it will be more productive for our economy. This is exactly the analogy from the point of view of information. In terms of thinking about safety, health and quality and why we want to have a collective process, looking at those issue, you can think about food, restaurants, and airlines.

It's clearly not possible for the individual consumer to enforce the quality of those services, since they don't have the time or the expertise. The cost is too high

These are all example of private costs and benefits differing from the social costs and benefits. I'd say a primary reason that economists have in the past argued for public intervention—and a reason that I think we could make an economic argument for today—to argue for the various forms of intervention in the child care market that are being suggested in the ABC bill and in other bills.

I think that the child care market clearly is one that has various symptoms of market failure, inefficiency, and inappropriate signals, and it really is time for the public sector to step in in a greater way than it has been doing.

Finally, I just want to close with one point: some speculation about why public support for child care is growing. The first point is obvious: the increase in women's participation in the labor force.

But second, there's a less well-recognized fact about childbearing and child rearing. This is that it's an experience that's actually becoming more universal and more similar for all the families that are out there.

Most women nowadays do have a child before they complete their childbearing years. More women have had a child by age 44 in 1980 than was true in 1950. That may seem surprising, but it's more universal today than it was then. And, the type of family you have is much more universal.

Nearly everyone has one or two children. Very few people have large families, and very few have no children.

What this means is that people can think of the time of their life when they're going to be rearing children as a rather small, condensed part of life, if you're only going to be having one or two. This is something that we can in fact spread out socially and share. This is something that we all have an interest in sharing because we're all going to be going through the same thing.

This is a lot like the Social Security system. Everybody's willing to pay into it, because we all hope to live long enough to retire on our Social Security benefits.

I think that the life cycle model is one that we might want to think about in the long run to begin to pay for child care in a more socially collective way. As I mentioned, I think that the social benefits are out of line with the high private costs to parents, and I think that's what this conflict is all about.

Parents are saying, we want some help with these private costs because we understand that there are social benefits to raising children. We want some help. And, since we're all going to be doing the same thing sooner or later, we can help each other out, usually through a public taxation system.

Consequently, I would just conclude by saying that through something like the general income tax, or another mechanism, like social security, public investment in child care is needed, because current market structures do not adequately respond to the signals of public benefit.

Thank you.

[The prepared statement of Dr. Heidi Hartman follows:]

TESTIMONY

THE ECONOMIC REALITIES OF CHILDCARE

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April 21, 1988

Subcommittee on Human Resources
Committee on Education and Labor
U.S. House of Representatives

I am Heidi Hartmann, Director of the Institute for Women's Policy Research, a non-profit research center located in Washington, DC. An economist by training, I am also a Professor and Director of Women's Studies at Rutgers, the State University of New Jersey. I am pleased to be here today to share with you some of the Institute's research findings on the economic realities of our present child care arrangements. Our economic analysis of the costs and benefits of investing in children and of the present market in childcare services suggests that public subsidies for childcare and public regulation of childcare providers are warranted for several reasons:

- o to improve the operation of childcare markets;
- o to increase the quality of childcare;
- o to reduce the burden of childcare costs on parents and help families achieve economic security; and
- o to reap increased long-term benefits from increased investment in children.

In addition, because labor shortage is expected in the United States by the year 2000, all policies that assist parents in combining work with family care, including encouraging the development of childcare services, will help to ensure the availability of workers needed for future economic growth.

Let's look first at the economics of our current child care arrangements. The current market for childcare consists of a diverse set of childcare providers, family home providers--usually an individual woman taking several children into her own home; babysitters who work in the employer's home; child care centers, usually serving 10 or more children in a facility set aside for childcare purposes--these are run by proprietary for-profit businesses, not-for-profit organizations, or public agencies; and nursery schools and pre-kindergardens, which may also be public, private for-profit, or non-profit. While these types of care generally involve a money transaction, the child care market also has an informal sector where childcare is shared among friends and family, exchanged, or bartered for in-kind services. In nearly all states there is some regulation of daycare centers, and in many of family home providers. There is federal subsidy of child care services through the child care tax credit in the federal personal income tax and through specific programs, such as Title XX and Headstart. In virtually all states, there is some state subsidy as well. In all states, private groups, such as churches, also subsidize childcare. In most states, there is some referral or information service about childcare availability, even if only on the local level. From this array of possibilities, with the incentives offered by the current subsidy structure, and constrained by their incomes and available information, parents choose the types of childcare they will use.

What do parents choose? Data from the 1984-85 Survey of Income and Program Participation (SIPP), a new data set containing information from over 15,000 households now available from the Census Bureau, indicates that there are about 8 million children under 5 who have working mothers. Nearly a quarter of these children are in group facilities, daycare centers, preschools, and nursery schools. Slightly fewer than one third of them are in their own homes. There they are largely taken care of by their own relatives, especially their fathers or grandparents; a few have babysitters. More than a third of the children of working mothers are being cared for in someone else's home, usually a nonrelative. For those who are keeping track, the missing 1/12th are cared for by mothers while they are actually on the job. Between 1982 and 1984-85, the proportion of children using organized care increased substantially from 17 percent to the nearly 25 percent I mentioned. The increase has been steady since the 1960's and '70's. More and more families are using organized child care centers.

Of the 8 million children who are under 5 and have working moms, nearly two thirds have mothers who work full-time. Mothers who work full-time use more organized childcare than other mothers, simply because the more hours of care a mother needs the less able she is to rely on relatives and friends and other informal situations. Also, other things being equal, mothers who are black, single, well-educated, or in higher-level jobs are more likely to use organized child care facilities.

There is also a growing tendency to use organized childcare whether or not the mother works outside the home. Fulltime at-home mothers also use group childcare, such as nursery schools and pre-kindergardens. Presumably this reflects a growing consensus that organized group social and educational experience is good for children at an early age.

What are parents paying for the childcare they choose? About two-thirds of those who use childcare, according to the Census Bureau, reported paying other people for it. They paid an average of $38 per week in 1984-85: more than a quarter paid more than $50 per week. Excluding care by relatives, the median weekly payment was $41, with one-third paying more than $50 per week. On an annual basis, the median childcare payment is approximately $2,000 per child, with one-third paying $3,000 per child (on average). There is substantial variance in the cost of childcare. For example, family day care homes cost less on average than centers.

The Census Bureau's SIPP data indicate that those who are more likely to have to pay for child care include those who work fulltime and those who have young children. Parents are simply less able to get free child care if they need alot of child care or care for very young children. And as mentioned, mothers who have more education and higher level jobs, and presumably are paid more, are more likely to use organized group care. Thus, those who need substantial amounts of care and can afford it use center-based care. Those who can afford to pay more are less likely to use relatives; according to 1977 data from the Census Bureau, those with higher family incomes use relatives less than half as often as those with lower family incomes (there is a clear association in the data between higher incomes and less use of relatives for childcare).

In the case of the elderly, most of us would tend to interpret such findings as indicating that elderly people don't want to depend on their families: they want to be independent from their families--and are when they can afford it. Yet, with respect to childcare, many observers claim that families must want to use their relatives for child care. Based on the data presented here, I suspect they don't; parents would prefer to be able to meet such a major need without depending on their relatives. I base my conclusion on the economic concept of "revealed preferred." What those people who can afford alternatives choose is probably preferred by them to all the other choices they did not select. Group care in an organized center is the choice that is revealed preferred by those who can afford alternatives. Center care, however, is not used primarily by higher income families. According to 1977 Census Bureau data, 40 percent of those who used center care had family incomes below $12,000 (in 1984 dollars, below $20,000).

How do parents' expenditures for childcare compare with family incomes? In real terms, family incomes, though they have risen in the past few years, have not yet recovered to their 1978 levels. The $2,000 median payment per child can be compared to a median income of approximately $24,000 for families with children under six; if such families have only 1 child, they are paying nearly one-tenth of their incomes for childcare. Poorer families pay higher percentages. Black women maintaining households alone (with and without children under six) have a median family income of $9000; white women maintaining households alone, $15,000. Black married couples have a median family income of $23,000; white married couples, $30,000 per year. (Those with children under six have even lower family income; for example, those women maintaining households alone, white and black, with at least one child under six have a median income of $6,400, as compared to $12,800 for all women-maintained families). Young parents are especially likely to have a difficult time paying for childcare. Forty percent of families that have children under six where the parent is under 25 are poor. Therefore, the average payment of $2,000-3,000 per child is clearly out of reach of many families, especially poorer families who are already spending 90 percent of their income on income on housing and food. While these parents work to achieve economic security, the cost of childcare undermines their ability to do so.

What can we say about the quality of the care parents are getting for their money? Ellen Galinsky, from Bank Street College, has found that in one sample of employers at three different workplaces, about half of the parents said that they had difficulty finding quality child care. Two thirds say they had difficulty finding quality infant care. In other studies reviewed by Galinsky, from 17 to 57 percent of parents expressed dissatisfacytion with some aspect or type of childcare they used. Substantial dissatisfaction and difficulty finding quality childcare suggest parents are not entirely happy with the childcare they are able to select. That higher income parents buy more center care, and that parents who use center care are generally more satisfied than those who use other more informal forms, suggests if parents could afford what they wanted, they would move toward group care with organized social and educational programs.

Even in organized group care, however, what is the quality of care parents are likely to be getting for their children? In an Institute research study of the salaries of childcare workers, we found the average full-time child care worker earns $5.34 per hour in 1986. This figure includes higher paid childcare workers, such as kindergarden, preschool, and Headstart teachers, who raise the average considerably. The average woman earns about $8.00 per hour, and the average man, about $12.00 per hour, for fulltime work. Thus the childcare worker earns far less than the average worker, and even far less than the average woman worker. But childcare workers have well above average education, 14.6 years of education compared to 12.2 years of education for the workforce as a whole. Childcare workers also can expect little or no increments in wages for increases in time on the job or increases in education.

What are the implications of these patterns of compensation? Low average wages coupled with above average education undoubtedly contributes to an unstable staffing situation in childcare. Workers who can earn much more elsewhere are not going to stay in childcare, unless their wages are raised. Workers who are not rewarded for their longevity and learning will not stay. Turnover rates are high and apparently increasing. High turnover contributes to inadequate care, because of a lack of consistency from caretaker to caretaker, because childcare workers who are transient do not engage in training and do not have much opportunity to learn from experience. Those childcare institutions that have based their success on the seemingly inexhaustible supply of qualified women at low wages will find their labor supply drying up shortly, unless some action--such as raising wages--is taken soon.

Clearly childcare is expensive for families. Parents are paying substantial proportions of their income for childcare, poor families are paying even higher proportions. Just as clearly, improving the quality of child care requires improving the wages of childcare workers. This in turn might price many families out of the child care market.

Quality childcare is inherently expensive, especially when compared to the "free" childcare previously provided by women who stayed home. Raising children requires intensive effort. Raising an infant is a little like running a small business. Indeed, we call a small retail store a mom and pop store. Parents relentlessly self exploit, putting intense effort into their children, and putting in incredibly long hours when their children are very young. Why? In the past, because parents stood to benefit, in economic terms, when their children grew up.

Their children might support or care for their elderly parents; they might work in the family farm or business. Clearly, those reasons are no longer valid for most parents. For whatever reasons, many mothers are no longer able or willing to invest that "free" childcare in their children. They are pursuing a different route to economic security. Parents today don't really expect the individual children they raise to take care of them in their old age. But, as we also know, raising children well has enormous social benefits; those children who attended Headstart, for example, turned into better citizens when they became adults. At the societal level, the benefits of raising children are no longer privatized; they are clearly social. Yet the costs of raising children are still privatized today.

This economic analysis of the structure of childcare today suggests a number of reasons why public intervention is particularly appropriate to improve childcare services and the operation of childcare markets. Economists have noted several reasons for "market failure"--the failure of markets, through the forces of supply and demand to send the right signals, the signals that would lead to the proper quantity produced at the proper price. The market fails to send the right signals because of disjunctures between private costs and benefits and social costs and benefits. These reasons for market failure are clearly operating today in the case of childcare.

First, parents are faced with a vast array of childcare options, which are difficult to locate and evaluate.

The information costs facing the individual parent are high: it is simply too costly to get anything like adequate information. One study showed that mothers often choose the first provider that is close to home within the price range they believe they can afford. An individual parent also finds it difficult to evaluate the quality of potential providers--in terms of safety, health, and social and educational development; parents often choose a provider that has been used by someone they know--an inexpensive form of screening.

There are, however, enormous economies of scale in gathering and providing information, so that public support of information sharing is warranted--as with the federal and state funded employment information services, the benefits outweigh the costs. Better information helps the market operate more efficiently. Similarly, there are economies of scale in evaluation. As with most providers of consumer services that affect the life and health of the consumer (such as hospitals, restaurants, and food processors), inspecting facilities and evaluating them for health and safey is simply beyond the capability of any individual consumer. But all will benefit from the evaluation procedure and the standards set by a collective process. Public regulation is required when the market does not police itself because of the high private costs of such action.

Second, as we saw, many parents are faced with an inability to pay. Because childcare is a labor intensive activity, it is expensive, especially relative to the wages many workers earn. Some families are paying 20 to 30 percent of their income for childcare; many find and use lower quality childcare than they would like or than is socially beneficial. When parents cannot afford (or for other reasons do not invest in) the amount or quality of childcare that would benefit their children and society, public subsidies are warranted. This is a case of market failure because of externalities--the benefit of well-raised children falls on others besides the parents, yet the others are not called upon to pay for the benefit--unless there is public taxation and public subsidy.

Third, as we saw, the current structure of the childcare market delivers low quality childcare. Our main indicator of low quality is high turnover, stemming from the below average wages paid to workers who up til now have had above average education. The market delivers lower quality than is socially desirable for the two reasons just mentioned: market failure because of externalities and market failure because of economies of scale. Childcare workers' salaries are held down by parents' inability (or unwillingness) to pay (enough to equal the social benefit). Low quality also results from the high cost to individual parents of enforcing quality standards. If as a matter of public policy, we desire to increase the quality of childcare provided, public investment is needed.

Finally, let me end with some comments about why public support for public support for childcare is growing. Most basically, childrearing and the need for childcare services beyond the family are becoming more universal.

First, a point that hardly needs reiterating is the increase in women's labor force particpation--since more women are working outside the home, more families need childcare services.

Second, and less well recognized, the childbearing experience is becoming more universal and more similar from a demographic viewpoint. Most women now have a child before they complete their childbearing years, and most have only one or two. There are very few large families; there are very few families who do not have any children. (Relative to 1950, more women who had completed their childbearing years by 1980, had children and more had only one or two children.) Women are therefore also condensing the period of their lives when they have young children to only a few years.

This universality of experience suggests a life-cycle model as a basis for thinking about the social provision of child care. Social security is a well-known program based on the life-cycle model; each person expects to go through the same life-cycle and to live beyond retirement age. When we're working we contribute to social security to pay for our retirement; younger workers also agree to pay for older workers. A similar program could provide assistance to parents when they have young children; they themselves would contribute to the costs over time, and at any one point in time the costs would be distributed across the entire adult population.

Whether through the general income tax or another mechanism, public investment in childcare is needed, because current market structures do not adequately respond to the signals of public benefit.

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Mr. **Kildee**. Thank you, Dr. Hartman.

Mr. Rector.

Mr. **Rector**. Let me begin by saying that I speak for myself. I do not represent the Heritage Foundation. That foundation does not take specific positions on specific pieces of legislation.

I will summarize my testimony, and I'd like to have the full——

Mr. **Kildee**. Yes, your full statement will be inserted into the record immediately following your oral statement.

Mr. **Rector**. I think that Ms. Hartman just made a very interesting point in comparing the child care to the Social Security system. That in effect really gets right to the heart of the matter.

Under the Social Security system, we can fully anticipate—maybe not in the very young generations—but at the present time, that everyone will benefit and that everyone contributes.

The problem with the policy that we see before us today in the ABC bill is that everyone—all families—get taxed for this program, but only a very tiny number of families will actually get the benefit. That is very unfair, and it's very unlike the Social Security system. This is not a policy that we should endorse.

If we want to say that having children is a positive social investment—and I'm sure it is—then we should make sure that those policies which we have to promote and strengthen families with children cover all children and all families, and do not discriminate in favor of a very small group, particularly an affluent group.

I oppose the ABC bill because it does nothing for the 10 million children under age 5 who have mothers that are not employed. I oppose the ABC bill because it does nothing for the 4 million children under age 5 who have mothers who are employed but who are taken care of by their relatives. They would receive not one penny under this bill.

I oppose the ABC bill because it does nothing for the 2 million children under age 5 whose mothers are employed but who are cared for in unlicensed, unregulated home day care facilities.

Under this bill, only about 1 child in 10 under age 5 would receive any assistance whatever. This is only those children who are in licensed day care centers.

I oppose the ABC bill because it economically discriminates against traditional families where the mother is making an economic sacrifice to remain at home and raise her own children, and perform thereby a vital social function.

Today, the Federal Government pays a minimum of 40 percent of the cost of day care provided in this society. And all families, including those who are not using day care, are being taxed to provide what is between $8 and $9 million of subsidy.

The tax system in the United States currently severely discriminates against traditional families where the mother is not employed. The ABC bill would make this discrimination even more severe. I think that everyone has acknowledged today that the ABC bill is simply the tip of the iceberg, and we're talking about many tens of millions of dollars in additional subsidies that will go only to those families that use day care. All families would be taxed to pay for this.

I oppose the ABC bill because basically it endorses a policy of taking from the poor and giving to the rich. It's a reverse Robin

Hood policy. Some 83 percent of the young, preschool children in the United States that use day care today are from two parent, two income families.

The median income of those two families is $37,000 a year. In comparison, the median income of the traditional family, where there are two parents but only one in the work force, is around $26,000 a year. Therefore, you are taxing families that have an income that is roughly one-third less than the current two parent, two earner family, and providing a subsidized service to the more affluent. Again, we need to address this in terms of the total array of programs that we're providing.

It's true that the ABC bill is capped in the high 40's for some families, but other families are already receiving billions of dollars under the dependent care tax credit. You're creating a top to bottom structure of subsidies for all income classes for wherever the mother goes into the workforce, and you're taxing all traditional families to pay for that.

We're embarking more and more in that direction, and it's clearly a type of reverse income distribution.

I oppose the ABC bill because it funds bureaucrats, institutions, and social service professionals, and does not give any money to parents. There is no guarantee under this bill that American parents would receive even one penny under the ABC bill.

Now, it's true that within the 63 pages of the bill, there are 2 paragraphs that refer to vouchers. But as political scientist, if this bill passes, I'd like to come back in 5 years. I'll wager you a nickel right now that if this bill passes and we come back in 5 years, less than 5 percent of the money in this bill will come out in any form of vouchers. The political structure where this money is divvied up, down at the State level, is certainly not going to accept that arrangement.

Mr. Kildee. I would accept your bet, but it's against the rules of the committee.

Mr. Rector. I oppose the ABC bill because it calls for massive new Federal regulations of day care that will be counterproductive. I've worked on the day care issues for about 15 years now.

For almost two decades basically we've seen a prolonged vendetta on the part of certain ideological groups against what's called unlicensed or black market daycare. Now, I've listened all day long about how terrible unlicensed and unregulated day care is. And I didn't hear one shred of scientific evidence.

I've listened for 10 years to people making these charges, and there is to my knowledge not on systematic, scientific study that indicates that unlicensed day care is bad for kids. In fact, the social science evidence that we do have shows exactly the opposite. Small, unregulated family day care centers are more likely to be beneficial for the physical health of small children than are large, professional, regulated centers, simply because the risks of contagious disease go up exponentially in accordance with the number of children in the facility.

Therefore a policy that discriminates against small, family sized facilities in fact puts children at a greater risk.

The evidence shows that other than that, there's very little difference between regulated and unregulated family day care facilities. I'd like to go into that more at length in the question period, if I could.

The evidence does not show clearly that regulation improves quality, but the evidence is quite clear that as in all cases where you have regulation, it causes the reduction f supply and it clearly does raise costs.

I oppose the ABC bill because it massively discriminates against religious institutions. It contains some of the most egregious and offensive antireligious language that I've ever seen in legislation before the Congress. I would like to discuss this, but I do not believe there's any way to fix this bill.

Under the bill as it is currently written, religious day care facilities would either have to purge themselves of their religious content—which is in many cases the very reason why parents are putting their children into those facilities—or they would maintain their religious content and operate without subsidies at an economic disadvantage in comparison to secular institutions, and would be gradually pushed to the shoulders of the market.

I think that this is a very regrettable event. Even if sections 19 and 20 were struck out, because of the current interpretation of the separation of Church and State, as long as you are providing either vouchers or direct subsidies to day care facilities, the same sort of curtailing and restriction of day care facilities would have to be continued.

Let me give an example. In HUD, they used to give funding to the Salvation Army to take care of alcoholics and street people. Because the Salvation Army, in its attempt to care for alcoholics on the street, conducted religious services for those individuals, they were stricken and cannot receive Federal money.

This is exactly the same road that we will be going down in day care, pushing religious institutions to the side. And the victims of this—the worst victims of this will be disadvantaged youth in the inner cities.

We know that in comparison to any social service policy that could be devised by this committee or another committee of the Congress, religious institutions and religious values are of extreme efficacy in helping disadvantaged youth to rise up out of poverty.

For example, we know that if you look at inner city black youth, those that have religious values are 40 percent less inclined to drop out of school than those who do not have religious values. Those who have religious values are 50 percent less inclined to engage in criminal activities than those who do not have religious values, and 50 percent less inclined to use drugs.

What is the impact of this bill? It is to bar the exposure of these young children to religious values when they are of a preschool age. I think that is an extremely regrettable policy outcome that should be avoided at all costs.

As I'll say later, the only possible way to avoid that is to go to some system that does not use vouchers or direct grants, but provides cash directly to low income families.

Now, I believe there is an alternative, and I would support a pro-family, pro-child policy in the area of child care, based on the following principles. The first should be that all children, all young children are important, not just those that are in professional day care.

The second is that a true pro-family, pro-child policy would treat all families equally and would not financially discriminate against those families where the mother is making the economic sacrifice to remain at home.

The third principle would be choice. Maximizing the choices and opportunities to families on the assumption that families and parents know best how to use family financial resources to meet family financial needs than do bureaucrats in the Department of Health and Human Services.

Fourth, there should be no regulation of day care, and particularly no regulation that discriminates against religious institutions.

Now, I feel that those principles are embodied in the Toddler Tax Credit, which was introduced yesterday by Congressman Richard Schulze of Pennsylvania. This provides a $750 tax cut, refundable, for each child in a working family under the age of 6. This expands the earned income tax credit and refundable for low income families that do not pay substantial taxes, and would pay up to $2,000 to a family with an income of $8,000 in expanded earned income tax credit.

Under this proposal, families are free to use those resources in a way that they feel benefits them the most. They can either raise their standard of living by expending the income, allow the mother to work less and attend to her child more if they so desire, or it could enable them to buy more and better day care, if that is what the family desires.

Now, this policy is based on a recommendation that one of the principal problems facing families with young children today is that you are simply overtaxing them.

In the year 1948, a family of four with a median family income paid 1 or 2 percent, of its income to the Federal Government in taxation. Today, that same family at a median family income will pay roughly 24 percent of its income to the Federal Government.

To a large degree, the expansion of Government over the years has been based on a growing burden of taxation on families with children. In 1948—the reason this taxation has gone up has been due to the erosion of the value of the personal exemption. In 1948, that was equal to 42 percent of personal per capita income. If you raised it to that same level today, you'd have to take it up to roughly $6,400 per individual.

To summarize: I believe that the Toddler Tax Credit would benefit 18 million children under the age of 5. By comparison, the ABC bill would benefit no more than 2 or 3 million. The Toddler Tax Credit would treat all families equally, the ABC would discriminate against traditional families where the mother is not employed.

The Toddler Tax Credit would give the largest relative benefits to lower income families; the ABC bill is in fact a subsidization of day care, and a policy of reverse Robin Hood, taking from the low-income people and giving to the higher.

The Toddler Tax Credit puts $750 in cash directly in the parents' hands for each child under 6. The ABC bill funds bureaucrats, quasi-Governmental institutions and a policy of trickle down care in which the ultimate beneficiaries and the ultimate benefits are unclear.

I have some other remarks concerning the alleged demise of the traditional family, and other questions concerning the alleged poor quality of unregulated daycare, but I will hold those for the question period.

[The prepared statement of Robert Rector follows:]

Testimony Before the
Subcommittee on Human Resources
# of the Committee on Education and Labor
U.S. House of Representatives
Hearing on Child-care: April 21, 1988

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INTRODUCTION

Congress has found yet another "crisis" to solve. This time Congress contends that there is a critical shortage of day-care in the United States. To deal with this, Senator Christopher J. Dodd, a Connecticut Democrat, and Congressman Dale Kildee, a Michigan Democrat, have fashioned what they call the "Act for Better Child Care" or ABC bill (S. 1886 and H.R. 3660).

There is no clear evidence, however, that the premise of these bills is correct. To the contrary, there is no persistent shortage of day-care in the U.S. Day-care is one of the most rapidly growing industries in the economy. Over the last 25 years, the number of spaces for children in day-care centers has expanded at a rate of nearly 10 percent per annum. Occasional shortages are due largely to excessive regulation, not a lack of willing providers. By demanding stricter federal regulation, the Dodd-Kildee bill would reduce rather than expand the supply of day-care. The ABC bill would help bureaucrats and social service providers far more than families. The bill would provide day-care assistance to only one young child in ten. A majority of children under age five do not have mothers who are employed and therefore do not need day-care. And because the Dodd-Kildee proposals cover only "licensed" day-care providers, some 90 percent of providers would be ineligible for funding; three-quarters of the young children receiving day-care would be excluded from assistance.

Robbing the Poor. The ABC bill promotes a policy of "Robin Hood in reverse," taxing hard-pressed traditional single-earner families to provide subsidized day-care for affluent professional couples. Over 80 percent of young children using day-care come from affluent two-parent/two-earner families. The median income for these families is nearly 50 percent higher than for two-parent/single-earner families. These single-earner families would not benefit from ABC, but would pay higher taxes to fund the program.

Families with young children, of course, do face a serious problem. This problem is not a lack of professional day-care but an erosion of family income due to a tax code that is increasingly biased against dependent children. A genuine pro-children policy would focus on providing tax relief to families, rather than taxing them to provide subsidized day-care services to generally more affluent parents.

The "toddler tax credit" legislation soon to be introduced by Representative Richard Schulze, the Pennsylvania Republican, would be a step toward this goal. This legislation would provide a $750 tax cut to families for each child under age six and provide cash payments to low income working families who pay little taxes through an expansion of the earned income tax credit. Families would be free to use the added income for any purpose, including day-care. The ABC bill discriminates against families in which the mother, often at considerable financial sacrifice, remains at home to care for her own young children. The Schulze bill, on the other hand, provides equal help to all working families with young children.

DAY-CARE IN AMERICA

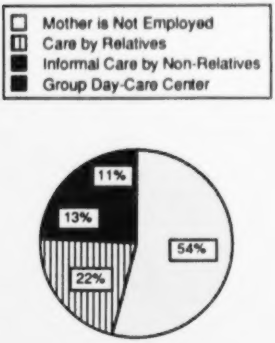
Proponents of the "day-care crisis" thesis maintain that traditional child rearing is a thing of the past and that nearly all mothers with young children are in the work force or soon will be. Thus, the argument goes, the interests of the day-care industry and the interests of American families have beome synonymous. A massive increase in day-care services is needed and only the federal government is capable of financing it.

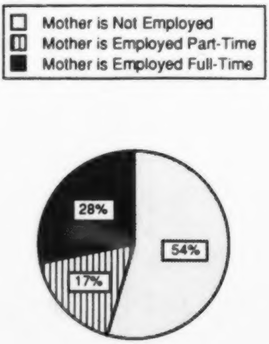
The facts speak otherwise. According to Who's Minding the Kids?, a 1987 Census Bureau report, only 45 percent of children under five have mothers in the work force.[1] Fewer than one child in three has a mother employed full-time, and fewer than one in five has a mother employed full-time throughout the year.[2] Even when the mother is employed, many families prefer to have the child cared for by grandparents, or other adult family members, rather than professional day-care providers. Nearly half of the young children whose mothers are employed are cared for by adult family members or relatives.

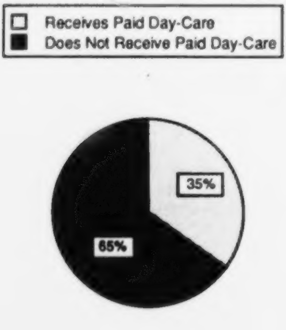
Refuting Conventional Wisdom. Thus far from being widespread, paid professional day-care of the kind envisioned in the Dodd-Kildee bill is used by only a small minority of American families. Overall, only one young child in three in the U.S. receives any form of paid day-care. No more than one in ten attends professional day-care centers of the sort that would be subsidized in the Dodd-Kildee bill.[3]

Conventional wisdom presumes that those using day-care generally are hard-pressed, low-income families. Again the facts speak otherwise. Some 83 percent of children under five in day-care are from two-parent/two-earner families.[4] The median income for such families in the U.S. is $38,346. The median income of a traditional two-parent family with one earner, on the other hand, is $25,803.[5] Not surprisingly, most of the benefits of the existing dependent care tax credit go to families with incomes over $30,000 per year.[6] In addition, when lower income families use day-care, normally they do not use professional group care facilities of the kind that would be subsidized in the ABC bill. They are more likely to use care by a relative or neighbor. Mothers in professional jobs are about three times more likely to put their children in professional

Patterns Of Childcare For Children Under Age Five

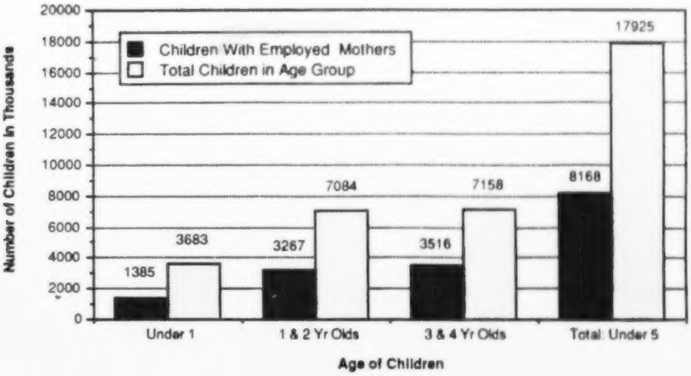


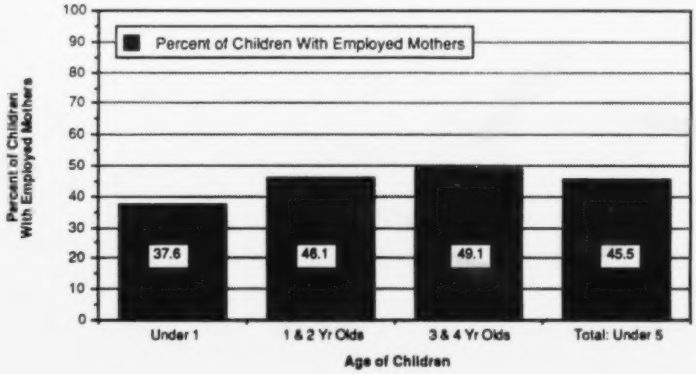




SOURCE: The Bureau of the Census, U.S. Department of Commerce, "Who's Minding the Kids?" Household Economic Studies, Series P-70, No.9, May 1987. Data for this census report were collected through a day-care survey conducted between December 1984 and March 1985. Numbers on total children in specific age groups are for January 1985: data provided by the Bureau of the Census.

Young Children Whose Mothers Are Employed (By Age Group)





SOURCE: The Bureau of the Census, U.S. Department of Commerce, "Who's Minding the Kids?" Household Economic Studies, Series P-70, No.9, May 1987. Data for this census report were collected through a day-care survey conducted between December 1984 and March 1985. Numbers on total children in specific age groups are for January 1985: data provided by the Bureau of the Census.

group care than are mothers in blue collar or service worker jobs.[7]

The Alleged Shortage of Day-Care

Another common myth about day-care is that providers are in chronically short supply. Allegedly there is a "market-failure" that prevents day-care from expanding to meet increases in demand. The fact is there is no evidence of economic bottlenecks in day-care supply. On the contrary, day-care is one of the fastest growing sectors in the economy. Between 1960 and 1986, the number of children in formal group care centers skyrocketed by 1,500 percent from 141,000 to 2.1 million. The number of centers grew from 4,400 to 39,929. There are at least another 1.65 million unlicensed neighborhood day-care providers.[8]

Confirming that there is no material shortage of day-care is the price of that service. Were there shortages and constraints in the supply of day-care, prices would increase sharply. But in general the cost of day-care, measured in constant dollars, has stayed relatively unchanged for the past decade. While the cost of hiring a full-time sitter to care for a child in one's home has increased, the costs of "family day-care" providers and group care centers have remained constant or increased only slightly in real terms over the last ten years.[9]

The Department of Labor in its recent report on day-care, Child Care a Workforce Issue, found "no evidence in support of the contention that there is a general, national shortage of available childcare."[10]

Day-Care and Regulation

In the face of the hard evidence, why is there a perceived shortage of day care? For one thing, many day-care providers are subsidized or non-profit and charge less than the average market rate for their services. A great number of parents predictably seek the lower-priced services. The result: waiting lists.

For another thing, government regulation often prevents providers from serving parents. All states, for instance, require large-scale group day-care centers to be licensed. This may seem reasonable. But more than half of the states also regulate small neighborhood or what is known as "family day-care" providers caring for five children or fewer. In some states, if an adult cares for even one unrelated child outside the child's home the adult is judged to be operating a "day-care facility" and must obtain a license.[11]

Restricting Supply. In theory, these regulations are meant to protect children. In practice, they often are the product of an arbitrary bureaucracy and have little or nothing to do with the quality or safety of day-care. The major effect of zoning codes, building, and health regulations is, in many cases, to restrict supply. Most Americans would presume that a house or an apartment judged safe enough for a family to live in ought to be deemed suitable for a small day-care facility caring for five children or fewer.[12] But local regulators disagree. Often, building codes designed for restaurants and orphanages are applied to small neighborhood family day-care providers, forcing expensive structural changes that make it uneconomic to provide day-care services.

In Texas, for instance, neighborhood providers can be required to install three stainless-steel sinks and a vent over the stove. In California, family day-care homes have been required to install sprinkler systems and fire-retardant walls; one woman, seeking to expand enrollment in her six-child day-care home, was told that she would have to install separate bathrooms for boys and girls. And the bathrooms would have to be made large enough to accommodate wheelchairs.[13]

In state after state, day-care providers have been cited for absurd or bizarre regulatory abuses. Among them:

•During the licensing process, one day-care provider was asked to assess the center's "vulnerability to terrorist attacks."

•A center was required to develop "lesson plans" for toddlers, detailing all activities for the entire day in ten-minute intervals.

•Following an inspection, one provider received a state reprimand form stipulating that "all dolls should be clothed during business hours."

•In an annual licensing examination, a fire inspector required one day-care provider to rehang a door to open outward. The next year, another inspector required that the door open inward. In the third year, yet another inspector demanded that the door be rehung to open outward. Complying with each demand, of course, required expensive carpentry.

•A building inspector required a day-care center to erect a six-feet high, 900-feet-long fence around its property to protect the children. Later that year, another inspector demanded that the fence be lowered to four feet to make the environment more "home-like."[14]

Preferring Neighborhood Women. In the face of such costly and arbitrary red tape, most family day-care providers take the simplest course: they operate without a license in the so-called underground market. The result: as many as 95 percent of the nation's 1.75 million neighborhood providers are unlicensed and unregulated.[15] Moreover, unlicensed day-care provided by women well known within their neighborhoods often is preferred by parents because it is less impersonal, less expensive, and more convenient.

Advocates of institutional care for years have argued that unlicensed neighborhood providers are unsafe and need stricter government regulation. Yet there is no systematic evidence that day-care by unlicensed providers is in general less safe and less healthy than care in large regulated day-care centers. Indeed, the evidence suggests the opposite. Nationally publicized cases of alleged sexual abuse in day-care, such as those involving the West Point Daycare Center and the McMartin School in California, have occurred in large fully regulated day-care centers. The National Child Care study shows that smaller "family day-care" providers are more attentive to children's emotional needs than are larger group centers.

The most significant threat to the health of young children in day-care is the spread of contagious diseases. Smaller, generally unlicensed, neighborhood facilities pose less threat than do large, regulated facilities. Dr. Stephen Hadler of the Centers for Disease Control explains that larger centers place more children in contact with each other, thereby increasing the chances of contracting serious infectious diseases. Says Hadler: "The larger the center or the longer the hours, the greater the chance [of infectious disease occurring]."[16]

Undermining Children's Health. Research on day-care and disease suggests that children under age two should be placed in facilities caring for six or fewer children. Policies as those proposed in the ABC bill, which would tighten the net of day-care regulations, driving many small scale providers out of business, and which would subsidize primarily large professional day-care centers, would undermine the health of American children.

State governments, of course, have responsibilities regarding day-care. State legislators for example, should work to ensure that persons who pose health risks to children and persons with criminal backgrounds are barred from day-care. And state lawmakers should prune the current thicket of unnecessary regulations imposed on day-care providers. However, adding a new layer of federal day-care regulations to existing state and local rules, as proposed by the ABC bill, is unnecessary and counterproductive.

DAY-CARE AND WELFARE

Another argument by day-care proponents is that a shortage of day-care facilities blocks mothers on AFDC from working. AFDC mothers are guaranteed payments of up to $160 per month per child to pay for day-care while the mother works or is in training. The reasons that mothers dependent on welfare do not work are complex.[17] But the evidence indicates that a shortage of day-care facilities or a lack of funds to pay for day-care has little effect on a welfare mother's decision to work or not to work.

The data from controlled experiments on this question are clear. The income-maintenance experiment in Gary, Indiana provided free, high-quality day-care to welfare mothers who were working or in school. It also provided subsidized care to other low-income parents. But only 15 percent of eligible children were actually enrolled at the height of the program. In the Seattle-Denver Income-Maintenance experiments only 3 percent of low income mothers who did not work stated that lack of day-care was a reason. While the experiments in both Seattle and Denver provided day-care subsidies, use of licensed day-care centers and homes among the control group increased by only 6 percent in Seattle and did not increase at all in Denver.[18]

The evidence also demonstrates that when existing day-care arrangements are disrupted low income mothers are quickly able to locate alternatives. One study of low income mothers in South Carolina showed that when their day-care center was shut down nearly all the mothers continued to work in the same job and found alternative care arrangements for their children within a few days.[19]

Added experimental evidence is available from the recent Manpower Demonstration Research Corporation (MDRC) study of workfare programs in Arkansas.[20] Unlike most job search, work, and training programs, over half the welfare mothers required to participate in the Arkansas program had children between three and six years old. The MDRC research did not find that a lack of day-care barred mothers with young children from participating in the program.

According to the Arkansas officials in charge of the program, AFDC mothers who were required to participate were encouraged to arrange for their own day-care. Formal day-care centers were not available in many cases, but this was not an impediment to participation. Most mothers used informal care and this seems to have been preferred. Clarence V. Boyd, Manager of Work Programs for the state of Arkansas, states:

> "We did not find that a lack of child care inhibited large numbers of AFDC recipients from participating in the program..... We tried to encourage mothers to make their own arrangements. The mother is best able to determine what care is most appropriate for her needs and the needs of her child."[21]

The available evidence also clearly indicates that when welfare mothers do work they strongly prefer informal child-care, generally by relatives.[22] This preference is echoed by the population in general. The national debate on day-care has generally been distorted by the fact that the professionals who dominate public discourse are inappropriately projecting their own personal experience onto the rest of society. The child of a professional mother working in Washington D.C. is likely to have a grandmother in Buffalo and a aunt in San Diego; child-care by a relative is clearly impossible. But this is not necessarily true for the rest of society. As noted, nearly half of the day-care used in the U.S. is provided by family members or relatives. The death of the extended family has been greatly overstated. A child's grandmother or aunt may no longer live in the same house with the child but they may well live in the same neighborhood or town.

Mothers on AFDC in the inner-city are likely to have particularly strong kinship networks in their neighborhoods. A child's grandmother or aunt is often the ideal day-care provider. These kinship networks are a strong, positive social resource to assist families in escaping from poverty and welfare dependence. Public policy ought to seek ways to strengthen these networks rather than demean them as many day-care advocates do.

Ironically, while a shortage of day-care does not currently serve as a barrier to AFDC mothers working, the so-called welfare reform introduced by Congressman Downey and recently passed by the House (H.R.3644) would in fact help to create such a shortage. The bill requires (in title II, section 201) that each state establish day-care regulations for all day-care providers, including relatives, who are paid by mothers on AFDC. By restricting the use of the $160 AFDC "earnings disregard" for day-care to regulated day-care providers, the bill curtails the child-care opportunities available to mothers on welfare.

Under the bill, modes of child-care-- such as paid care by relatives and care by informal neighborhood providers, which are used with great frequency by the rest of society,-- would become more difficult to obtain or impermissible to mothers on AFDC. Such a policy is not only unfair, it is completely counter-productive. If similar restrictions were hypothetically imposed on all American families, we would indeed have something resembling a national "day-care crisis."

PROVISIONS OF THE ABC BILL

The ABC bill runs counter to day-care experience and evidence. The objectives of the proposal are to reduce the cost of day-care, to raise the pay of day-care workers, to improve quality, and to expand supply. In reality, the bill would reduce day-care supply and quality while raising its price, and provide subsidies to those who need them least.

The bill authorizes $2.5 billion in new federal day-care spending. Even its proponents admit this is merely a tip of a future iceberg of government day-care spending. Dr. Edward F. Zigler, of the Yale University Bush Center in Child Development and Social Policy, one of the nation's most eminent authorities on pre-school programs, estimates that a comprehensive program of quality professional child care would cost between $75 billion and $100 billion a year.[23]

Swallowing $2.5 Billion. Rather than giving the $2.5 billion directly to needy families, enabling them to purchase day-care, the ABC bill proposes a "trickle-down" strategy, filtering the funds through multiple layers of expensive federal and state bureaucracy in order ultimately to subsidize government-selected day-care centers at the local level. Even when the funds actually reach local day-care centers, there is nothing to prevent them from being swallowed up by increased salaries and supervisory costs.

At the federal level, the bill would create a "National Advisory Committee on Child Care Standards" and an "Office of the Administrator of Child Care" in the Department of Health and Human Services. A new bureaucracy would allocate monies among states, monitor and approve state "comprehensive day-care plans," and enforce extensive new federal regulations. At the state level, an array of governmental and quasi-governmental organizations would be created and sustained by taxpayer funds. These would include 100 permanent day-care commissions mandated in the legislation, new day-care planning offices, day-care referral agencies, day-care inspectors and regulators, and a new national network of training centers for day-care providers.

To be eligible for funding, each state would have to comply with new federal regulations and provide 20 percent matching funds. States would not be required to provide federal funds to all day-care providers, only to selected institutions. Which organizations receive such aid surely will be determined in great part by local bureaucratic politics.

A New Federal Regulatory Empire

The bill would set "minimum" federal standards and regulations in day-care. Each state accepting ABC funds would be required to enforce these federal regulations. The state would be allowed to retain its own regulations only to the extent that they were more stringent than the corresponding federal standards. Each state, moreover, would be required to hold all its day-care providers to federal standards, not simply those receiving federal funds. Thus the bill would attempt to bring all 1.65 million informal, unlicensed neighborhood providers, as well as the nearly 40,000 group care centers, under federal control.

Boosting Costs Per Child. All day-care personnel, including neighborhood providers, would be forced to receive at least two days "training" each year in government-authorized training centers. All states would have to set maximum child/staff ratios for group care centers equal to the current nationwide median child/staff standards. Thus in half of the states, day-care centers would be required to raise existing staff levels, immediately sharply boosting cost per child enrolled.

"Minimum" federal day-care standards also would be developed by the new National Advisory Committee on Child Care Standards. Two-thirds of the members of this body would be selected by Congress and one-third by the President. These minimum standards would establish additional child/staff ratio requirements, more stringent educational and training qualifications for all day-care workers nationwide, and additional health and building safety regulations. The Committee also could establish federal curriculum requirements for day-care, although the bill does not require that it do so.

The ABC bill is structured to ratchet in future regulatory expansion. In one bizarre provision, the bill allows states to increase day-care regulations, but once new state regulation was is effect, the state government would be barred permanently from making it less stringent, even if the regulation exceeded federal standards and was found to be counterproductive. Similarly, once the initial federal regulations were promulgated, the Department of Health and Human Services would be barred permanently from making any regulation less severe-- but the Department would be permitted, year after year, to make the standards stricter.

THE LIKELY EFFECTS OF ABC

An obvious solution to alleged day-care shortages would be to give families money to purchase more or better quality day-care for their children. Day-care providers then could respond to increased demand by expanding and improving their services. Parents would be free to choose the day-care providers who best met family needs.

Instead of this, the Dodd-Kildee bill would fund bureaucrats and day-care professionals rather than families. Yet bitter experience demonstrates that bureaucratic subsidization of services is the least efficient means of meeting public needs. Example: Public housing units cost 40 percent more to construct than comparable private sector units and often begin to fall apart within a few months after completion.

While the ABC bill contains a minor provision allowing states to provide day-care vouchers, which would stimulate consumer choice, no state is required to provide vouchers. Vouchers are mentioned in only two paragraphs of the 63-page bill. In practice, little if any of the ABC funding would reach parents in the form of vouchers.

Why does the ABC bill fund institutions rather than parents? The answer makes sense only in Washington's hothouse world of making policy. Parents have no clout on Capitol Hill; by contrast, those who would be funded by the Dodd-Kildee legislation (bureaucrats, planners, consultants, regulators, trainers, and state service providers) are represented on Capitol Hill by a well-organized army of lobbyists.

Cost, Quality, and Supply. Total nationwide spending on day-care, both public and private, is about $15 billion per year. The ABC would increase this spending by about 20 percent. But because of its increased regulation and "trickle-down" funding, the ABC bill is likely to raise costs and restrict the supply of day-care rather than increase it, at least among licensed providers.

Nor is it likely that the regulations will raise the quality of care. Higher staff/child ratios would raise costs dramatically. But the 1979 National Day-care Study commissioned by the Department of Health, Education and Welfare found very little correlation between staff/child ratios and quality.[24] Operators of day-care centers in California point out that state credentialing rules, requiring day-care workers to have completed college course work in child development, significantly raise salary costs while barring many competent and caring persons from employment -- nearly all mothers and grandmothers are deemed unfit to work in day-care centers.

Benefits Few Children. The 54 percent of children under five whose mothers do not work would receive no benefits from the Dodd-Kildee proposal. Even among those children who receive day-care, only a small number would receive assistance through ABC. Funds that trickled down through the bureaucratic labyrinth would be channeled primarily toward professional group care centers. Children who receive care from relatives or from the millions of unlicensed neighborhood providers would be ineligible for assistance; together these two groups comprise roughly 75 percent of all young children in day-care.[25] Overall, no more than one young child in ten would be likely to receive subsidized care under the ABC plan.

Reverse Robin Hood. The Dodd-Kildee bill would take from the poor to give to the wealthy. Over 80 percent of day-care users are two-parent/two-earner families. Two-parent/two-earner families have a median income which is nearly 50 percent higher than the income of traditional two-parent/single-earner families. Under ABC, traditional two-parent/single-earner families would be taxed to provide day-care subsidies for more affluent families with two earners.

Though children of needy single working mothers also would receive subsidized care, they are only a small percentage of the children using day-care. Moreover, the median income of single mothers who work full time is $21,958 per annum. After adjustment for differences in family size, this is only slightly less than the median income of two parent/single-earner families, which would receive no benefits.

True, the ABC bill does attempt to ensure that subsidized care goes only to families with incomes below 115 percent of the state median for families of comparable size. But such a limit would include many families with high incomes. In California, for instance, a family of four with an income of $41,656 would be eligible; in Maryland the limit would be $46,063; in New Jersey, $46,929. Moreover, two-earner families with incomes above the 115 percent threshold already receive billions of dollars in day-care subsidies through the current day-care tax credit.

While ABC proponents make pronouncements about aiding low income families, the bill would not require that any specific percentage of its funds to be targeted to low income families. The bill does not even require states to report the portion of ABC funds that actually reach low income beneficiaries.

The Assault on Religion. Section 20 of the bill states that a day-dare center in a religious institution which receives any ABC funding, either directly or through vouchers, is prohibited from providing any religious influence on the children in its care. This means that children could not say grace over their milk and cookies. In any room used for day-care within such an institution, religious pictures and images would have to be turned to the wall or covered with sheets to hide them from children's eyes. Any teacher or teacher's aide at a religious school would be barred from working in or assisting on an unpaid basis in a care center located in the school. Religious day-care centers receiving funds would be barred from favoring members of their own faith when hiring child-care workers. And all religious day-care centers, even those which refused federal funding, would be subject to federal regulations concerning the educational and professional qualifications of day-care staff, child/staff ratios, and possibly curriculum.

The effect of these provisions would be to "sanitize" church-run day-care centers of their religious content. Centers that refused to be fully secularized would be denied federal assistance, and thus placed at a substantial economic disadvantage and forced to play a gradually smaller role in the child care market.

Heavy Tax Burden. The long run picture is even worse. The backers of ABC explicitly envision government-subsidized day-care as the principal form of child care in the near future. Parents who wished their children to be raised in a religious environment would be barred from government assistance while being forced to bear a heavy tax burden to support a nationwide system of secularized day-care of the children of other parents.

Even if the extremely offensive provisions of section 20 were struck from the bill, the impact would differ little, since federal programs must comply with the prevailing Supreme Court view of the separation of church and state. According to this view, restrictions on religious activity are inherently linked to any federal subsidy. Example: The Department of Housing and Urban Development recently barred religious services in Salvation Army shelters for the homeless which received partial HUD funding. Similar restrictions have not yet been imposed on religious institutions receiving Head Start and Title XX day-care funds only because no litigation has yet been instituted. With the massive funding available under ABC, cases would not be long in coming.

Any program of direct subsidization of day-care, or even the provision of day-care vouchers, ultimately will restrict the activities of religious day-care centers. Such a program will tend to force religious institutions to abandon the day-care field by placing them at an economic disadvantage.

Penalizing the Inner City. Church-run centers in the inner city would be the greatest victims of this no-religion policy, an ironic result given Dodd-Kildee's professed aim of helping the poor. While early childhood development strategies touted in the ABC plan are seldom of enduring benefit to disadvantaged children, religious institutions and the strong moral values they inculcate have an unchallengeable record in helping inner city youth escape from drug addiction, illiteracy, and poverty. One study of young black males in the inner city found that those with strong religious values were were, in comparison to similar youth with out relgious values: 50 percent less likely to use drugs; 50 percent less likely to engage in criminal activity; and 40 percent less likely to drop out of school.[26]

REDEFINING THE DAY-CARE ISSUE

Even if the Dodd-Kildee proposal worked exactly as its proponents contend, it still would be bad public policy. Families with young children currently use four different methods to care for their children: care by the mother; care by relatives; care by informal neighborhood providers; and care in professional group care facilities. Toward these four, government policy should take a neutral position, allowing parents to choose the approach they prefer. Uncle Sam should not subsidize one mode of child-care to the detriment of the others. In particular, policy should not discriminate economically against families in which a child is cared for by its mother or relatives.

This is especially true since there is evidence that care by a mother is best for the physical health and psychological development of small children. Young children in day-care are much more likely to contract serious infectious diseases such as hepatitis, cytomegalovirus, and haemophilus influenza type b (HIB), a bacteria that can cause pneumonia and lethal meningitis. Dr. Jay Belsky, a leading authority on child development, warns that separating an infant from its mother may cause "insecure attachment" to the mother, disrupting the child's emotional development and leading to aggressive and uncooperative behavior in later years. This does not mean that parents should rush to abandon day-care, but it does call into question any government policy that deliberately discriminates against mothers at home while subsidizing the entry of mothers with young children into the labor force.[27]

Federal policy already discriminates against traditional families where the mother is not employed; ABC would introduce further discrimination. Through tax credits and direct outlays, the federal government provides between $5 billion and $6 billion in financial support to families with children using day-care. Nearly 40 percent of the cost of day-care nationwide is financed by the federal government.[28] ABC would provide an additional $2.5 billion in federal spending plus a half billion dollars in matching state funds. The federal government already provides roughly twice as much financial assistance to each young child in a two-parent family using day-care, through tax exemptions and credits, as it does to a young child in a traditional two-parent family where the mother remains at home--despite the fact that traditional families in general have lower incomes.[29] If the ABC bill passed, this ratio would rise to three to one.

The Real Problem: Families are Over-taxed

American families do face significant policy-related problems in trying to raise their children. The most important problem is a tax code biased strongly against children. In 1948, a family of four at the median income level would have paid 1 percent of its income to the federal government; in 1984, the same family would have had to pay 17.5 percent. Eugene Steuerle, a Treasury Department tax specialist, notes that between 1960 and 1984 the average tax rate for single persons and married couples with no children did not increase, but for a married couple with two children it climbed 43 percent; for a family with four children, tax-rates increased 233 percent.[30]

The major cause of this growing anti-family distortion of the tax code has been the eroding value of the personal exemption. In 1948, a personal exemption of $600 equalled 42 percent of average personal, per capita income, which was then $1,434. Over the following 35 years, the personal exemption lagged far behind as incomes rose and inflation soared. While the 1986 tax reform is raising the value of the exemption to $2,000, this only partially offsets the erosion suffered since the 1940s. To have the same value relative to income it held in 1948, today's personal exemption would have to be raised to $6,468. Many women with young children now enter the work force when they would prefer not to because their family income has been eroded by excessive taxation.

CRAFTING A PRO-FAMILY POLICY

A policy designed to support the American family would begin not by subsidizing families that use professional day-care while further taxing families that choose other child care methods. Instead, policy would reduce the present oppressive tax burden on families with children. Such a policy would be based on six principles:

1) Tax relief or financial support for all families with young children. This policy would not discriminate economically against families where the mother remains home to care for her own children. Families where children are cared for by a mother, a grandmother, or a day-care center should all be treated equally.

2) Financial resources directly for families with children instead of funding for bureaucrats and social service professionals.

3) Tax reduction for middle income families and grants for lower income families who pay little or no taxes. Any grant system must foster self-support rather than dependency.

4) Use of the added income in any manner chosen by the family. This could be to offset the loss of income when a mother stays at home, to allow a mother to work less, or to pay for additional day-care.

5) No federal regulation of day-care and no restrictions on the type of day-care that the family could purchase with the tax rebates or funds provided. Funds could be used for day-care by a relative, an unlicensed neighborhood provider, or a professional day-care center.

6) The greatest relative support for working class and low-income families.

The starting point of a pro-family policy would be to restore the value of the personal exemption for young children back to the relative level that existed in the 1950s. Low income, working families with children, currently paying little or no taxes, would receive cash assistance through an expansion of the Earned Income Tax Credit. The EITC is a wage supplement which pays benefits as a fixed percentage of earned income. In traditional welfare programs, benefits are linked to negative behaviors, such as out-of-wedlock births, prolonged unemployment, and marital disintegration. The EITC operates in the opposite manner: it rewards socially constructive behavior, promoting responsibility, work, and family stability. Only individuals who work receive EITC payments. In traditional welfare programs, the more an individual works, the more his benefits are reduced. With the EITC, benefits are increased the more the recipient works.

The Hatch Day-Care Bill

Ironically, the day-care bills (S.1678/S.1679) introduced by Senator Orrin Hatch, the Utah Republican, violate all the principles of a true pro-family policy. Senator Hatch accepts the premise that there is a critical shortage of day-care and that the proper response is bureaucratic subsidization of the industry; the Hatch proposal is basically a scaled-down version of the ABC plan. Senator Hatch would provide $875 million in subsidies to day-care centers over three years. Like the ABC bill, the Hatch plan lays the foundation for future massive government subsidization and regulation of day-care. As compensation for families that do not use day-care, the Hatch bills would offer an additional personal exemption for six months for mothers who remain at home with a new-born infant and an expanded Individual Retirement Account (IRA) for homemakers.

The Hatch proposal violates the principles of a true pro-family policy in the following ways. First, rather than rectifying the existing bias in policy against traditional two-parent/single-earner families, the Hatch bills would intensify it. The assistance provided to the average family using professional day-care would be far greater than the assistance provided to the average traditional family. By establishing separate programs for families using day-care and for traditional families, the Hatch proposal invites future discrimination against traditional families. Second, while the Hatch bills do not call for federal regulation of day-care, they would promote expanded state regulation, including professional credentialling of day-care providers. Hatch funds would go only to licensed facilities; thus, as in the ABC bill, no more than one young child in ten would benefit.

Third, the Hatch bills practice "Robin Hood in reverse." The bulk of benefits would go to upper-income/two-earner families; low-income traditional families would be taxed to pay for subsidized day-care for more affluent families. When they do use day-care, low-income families are unlikely to use the professional group care centers subsidized by the Hatch plan. Fourth, a major portion of the Hatch funding goes to bureaucrats and professional service providers rather than families and children. Fifth, by subsidizing only regulated day-care centers, the Hatch plan establishes the principle that the government, rather than parents, should determine what type of care is best for children. A true pro-family policy would provided added revenue directly to families and allow them to spend it as they see fit.

The Toddler Tax Credit

Pro-family principles are embodied in the "toddler tax credit" soon to be introduced in the House by Representative Schulze of Pennsylvania. His bill would provide a $750 direct tax credit to families for each child under six; this is roughly equivalent to raising the personal exemption for young children to $6,000.[31] In addition, the Earned Income Tax Credit would be expanded for low income families with young children.

The Schulze bill would:

1) Provide families with incomes over $13,000 a tax credit of $750 for each child under age six to be applied against federal income and social security taxes. If the value of total tax credits exceeded tax liabilities, the balance would be refunded in cash.

2) Provide families with incomes below $8,000 per annum a cash refundable "earned income tax credit for young children" (EITC/YC). This EITC/YC would provide a wage supplement of $15 for each $100 earned by the parent for the first child under age six in the family. For each additional child under age six in the family, a wage supplement of $10 for each $100 earned would be paid. Thus a family with two young children earning $8,000 would receive $2,000.

3) Reduce for families with incomes between $8,000 and $13,000 the EITC/YC rate incrementally from 15 percent for the first child under six and 10 percent for each additional child to 5.75 percent per child.

4) Replace the existing dependent care tax credit for children under six with the "toddler tax credit." For children over six the existing dependent care credit would be continued.

5) Limit eligibility for the EITC/YC to families with working parents. Families in the Aid to Families with Dependent Children program would not be eligible for the EITC/YC. AFDC families would continue to be eligible for direct government payments for day-care up to $160 per child per month.

Approximately 18 million young children would be eligible for tax relief or cash assistance under the Schulze bill. The program would be phased in over a five-year period. During the first three years, federal outlays under the Schulze plan would be about $250 million per annum compared to $2.5 billion under the ABC plan. The Schulze plan would provide approximately $2.25 billion per annum in tax cuts for families with young children during the first three years. By the fifth year, tax relief for American families under the Schulze proposal would exceed $7 billion per annum. After the fifth year both the tax credit and the income levels used in determining the EITC/YC payments would be indexed against inflation. Overall, the policy would help remove the anti-child bias in the tax code.

CONCLUSION

Most women will spend many years in the paid labor force. The choice of whether a mother, particularly a mother with young children, should or should not be employed must be made by each family. The government should not bias that choice through its outlays and tax code. The government does bias that choice as long as it taxes families in which a mother remains with her children to provide subsidized day-care to families where the mother is employed. Similarly, in families where the mother is employed, the choice as to what type of day-care is most appropriate should be made by the family, and not by government bureaucrats.

Eliminating the Anti-Child Bias. The Dodd-Kildee ABC bill discriminates against families where the mother makes an economic sacrifice to remain at home and care for her children; by contrast, the "toddler tax credit" treats all families with young children equally. The ABC plan funds bureaucrats and social service professionals; the toddler tax credit funds families and children. The ABC bill would assist, indirectly, no more than one child in ten; the toddler tax credit would assist directly all working families with young children.

The ABC bill would create a new social welfare bureaucracy but would do little to aid families with children. A true pro-family policy would begin by eliminating the anti-family/anti-child bias that has crept into the federal tax code over the last three decades. Such a policy would strengthen families by recognizing that American parents, not federal bureaucrats, are best able to determine how money should be spent to meet their family needs.

Can the U.S. afford the toddler tax credit? The answer is yes. The simple fact is that American families are over-taxed to provide billions fro wasteful spending. Congress must decide which is more important: children or subsidies for surplus cheese. Even after its full implementation in 1993, the toddler tax credit would reduce federal revenues by only one half of one percent per annum. But at this minor cost, the government could provide support vitally needed by young children and their parents.

Notwithstanding the pressure of Gramm-Rudmann guidelines on the budget, it is worth noting that both the Reagan administration and Congressional liberals have proposed significant new domestic spending initiatives costing many billions of dollars per annum. Even the proposed Reagan administration budget for next year, I am informed, contains roughly nine billion in new domestic spending inititatives.

Congress should come to the aid of American children by restoring family income through tax reduction rather than setting the foundation for massive new federal spending through ABC style programs.

APPENDIX
Mother's Employement and Types of Childcare for American Children

Table 1 Young Children whose Mothers are Employed by Age Group
(numbers in thousands)

Age of Child	Children with Employed Mothers	Total Children in Age Group	Percent with Emloyed Mothers
Under Age One	1,385	3,683	37.6%
One and Two Year Olds	3,267	7,084	46.1%
Three and Four Year Olds	3,516	7,158	49.1%
Total: Under Age Five	8,168	17,925	45.5%

Table 2 Children Under Five and Mother's Employment Status
(numbers in thousands)

Employment Status	Children Under Five	Percent of All Children Under Five
Mother is Not Employed	9,757	54.4%
Mother is Employed Part-time	3,108	17.3%
Mother is Employed Full-time	5,060	28.2%

Sources for Tables 1 and 2: The Bureau of the Census, U.S. Dept. of Commerce, "Who's Minding the Kids?" *Household Economic Studies*, Series P-70, No.9, May 1987. Data for this census report were collected through a day-care survey conducted between December 1984 and March 1985. Numbers on total children in specific age groups are for January 1985: data provided by the Bureau of the Census.

Table 3 Type of Day-care Arrangement: Children Under Five

Type of Child Care	Number of Children in Each Type of Care	Total Children Under Five	Percentage of Children in Each Type of Care
Mother is not Employed: Care by Mother	9,759	17,925	54.4%
Mother is Employed: Care by Relative	3,920	17,925	21.8%
Mother is Employed: Informal Care by a Non-relative	2,298	17,925	12.8%
Mother is Employed: Care in Group Day-care Facility	1,948	17,925	10.9%

Sources: Same as Tables 1 and 2.

1. Bureau of the Census, U.S. Department of Commerce, series p-70, No. 9, May 1987, Who's Minding the Kids? The data in this report are taken from a special census survey of childcare from December 1984 to March 1985.

2. Estimated from Douglas J. Besharov and Michelle M. Dally, "One Policy for Working Moms Won't Fit All," The Wall Street Journal, October 29, 1986. Besharov's figures show that no more than 70 percent of full-time employed mothers with young children work full-time year round.

3. Bureau of the Census, op. cit.

4. Ibid.

5. Douglas J. Besharov, "The ABC's of Child-care Politics," The Wall Street Journal, March 9, 1988.

6. Committee on Ways and Means, U.S. House of Representatives, Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means (Washington, D.C.: Government Printing Office, 1984), p. 604.

7. Bureau of the Census, op. cit., p. 8.

8. Susan Rose-Ackerman, "Unintended Consequences: Regulating the Quality of Subsidized Day-care," Journal of Policy Analysis and Management, Vol. 3, No. 1 (1983), p. 15. Sandra L. Hofferth and Deborah A. Phillips, "Child Care in the United States, 1970 to 1995," Journal of Family and Marriage, August 1987, p. 565.

9. Sandra L. Hofferth, statement before the select committee on Children, Youth and Families, July 1987, p. 9.

10. U.S. Department of Labor, Child Care A Workforce Issue: Report of the Secretary's Task Force, (Washington,D.C.: April, 1987),p.10.

11. Karen Lehrman and Jana Pace, "Day-care Regulation: Serving Children or Bureaucrats?" Cato Policy Analysis No. 59, September 25, 1985.

12. It is important to note that for small day-care providers with gross annual revenues between $5,000 and $10,000, one or two "minor" regulatory demands can be financially ruinous.

13. Lehrman and Pace, op. cit.

14. From "Red Tape Blues," Childcare Information Exchange<D>, September 1987.

15. Lehrman and Pace, op. cit.

16. Thomas E. Ricks, "Researchers Say Day-care Centers are Implicated in Spread of Disease," *The Wall Street Journal*, September 5, 1984.

17. Lawrence M. Mead, *Beyond Entitlement: the Social Obligations of Citizenship*, (New York: The Free Press, 1986)

18. Suzanne H. Woolsey, "Pied-Piper Politics and the Child-care Debate," *Daedelus*, Spring 1977

19. Ibid.

20. Daniel Friedlander *et al*., *Arkansas: Final Report on the Work Program in Two Counties* (New York: Manpower Demonstration Researc Corporation, 1985).

21. Interview with Clarence V. Boyd, April 18, 1988

22. Woolsey, op. cit.

23. Edward F. Zigler, "A Solution to the Nation's Child Care Crisis: The School of the Twenty-First Century." Speech presented at the tenth anniversary of the Bush Center in Child Development and Social Policy, September 18, 1987.

24. Lehrman and Pace, op. cit., p. 4.

25. Bureau of the Census, op. cit.

26. Richard B. Freeman, "Who Escapes? The Relation of Churchgoing and Other Background Factors to the Socio-economic Performance of Black Male Youths from Inner-City Poverty Tracts," in Richard B. Freeman and Harry J. Holzer, eds., *The Black Youth Employment Crisis* (Chicago: University of Chicago Press, 1986).

27.See Jay Belsky, "Infant Day Care: A Cause for Concern?" *Zero to Three*, September 1986.)

28. Federal government outlays and tax expenditures on day-care are estimated to be between $5 billion and $6 billion. Total spending on day-care from public and private sources is approximately $14 billion to $15 billion. Bureau of the Census, *op. cit.* p. 2 and unpublished HHS data.

29. Families with children in day-care benefit both from a personal exemption for each child and the dependent care tax credit. Families that do not use day-care benefit only from the personal exemption. The average value claimed for the dependent care credit is $409 per return. The tax reduction from the personal exemption is approximately $400.

30. Alan C. Carlson, "What Happened to the Family Wage?" The Public Interest, Spring 1986, pp. 11-12.

31. The $750 per child tax credit is equivalent to raising the personal exemption upward by $3,000 to $5,000 depending on the family's tax bracket. Families who receive the $750 per child tax credit or EITC/YC payments would continue to be able to claim a personal exemption of $2,000 for each child as well. Thus the Schulze policy overall is roughly equivalent to raising the personal exemption to $6,000 per child for the average family.

Mr. **Kildee**. Thank you very much.

Mr. Rosenberg.

STATEMENT OF MARK ROSENBERG, NATIONAL CHILD CARE ASSOCIATION

Mr. **Rosenberg**. Thank you, Mr. Chairman.

It's always difficult to be the last witness in a long Congressional hearing, because the members are tired and the staff is tired and the press is gone. Even the court reporter is beginning to nod off. But I'll try to keep it brief and informative.

I represent a sector of the child care industry which has not been heard from very much in these hearings. You did hear from Mrs. Holloman who gave some excellent testimony from the standpoint of the proprietary provider.

But I probably don't fit your image of what a child care provider looks like. I probably fit your image more closely of what a K Street lawyer looks like, and that's because I am a K Street lawyer.

But I'm also a child care provider. My wife and I own two day care centers in suburban Maryland. We've been active in the business for a number of years, my wife for about 10 years.

It's important to recognize the interest and concern of the providers—the people who are really out there giving this day care service every day. You've heard a lot of testimony from academics who've argued about what is proper child care and what are the proper ratios, and have done a lot of studies about child care. But the providers are the ones who are out there providing that service every day.

Proprietary providers like my wife and I are out there providing service, having put their own personal money into those day care companies. Many of them have been involved in day care for many, many years.

I think it's important to recognize that this is a sector of the industry that's very, very important.

Now, the indications that we have in the data are that 50 to 60 percent of all child care, perhaps even a higher percentage, is provided today by the proprietary day care sector. What's important to recognize is that this is a great change from where it was 10 or 15 years ago. At that time, only about 20 percent of the care was proprietary day care.

Most of the increase in day care actually being provided is from the proprietary sector, over the last 10 or 15 years. These are people who simply got into the business of providing day care because they were in non-profit day care, as my wife was before, or because they were educators.

One of our active members in the NCCA, for instance, was a former superintendent of schools in California. She retired as superintendent and got into private schools and day care. These are people that had been involved in related areas of endeavor, and they've gotten into child care because they wanted to provide a needed service.

I think that as we go forward in National debate, we have to recognize that it's important to make sure that this very important part of the industry is dealt with in a way that encourages it to provide the services that it is already providing and which it would like to continue to provide, and not to do something in the context of a day care bill that would discourage that proprietary sector.

Now, we support a Federal leadership role in day care. I want to be very clear about that. I'm going to tell you a lot of negative things about the ABC bill, but I want to be very clear, Mr. Chairman. We very much support Federal interest and a Federal leadership role in day care. As providers, there is no one more interested in the development of the day care industry and services than the people in the NCCA.

Our concern is that in some of the bills, particularly the ABC bill, we're heading down a road that's going to be ineffective, very costly, and which would discourage, rather than encourage, the provision of more services of day care.

Now, we have three basic concerns that I'd like to talk about today. First, we're concerned that the ABC and similar bills will substantially increase the cost of child care to the point where it will become unaffordable to a number of parents.

I'd like to refer you to a recent study of a National magazine that covers child care issues that came out just this month with a study of the ABC bill. They concluded that this bill will cost $1.2 billion to parents. We're not talking about the cost to the Government. This is $1.2 billion cost to parents who are not subsidized.

The reason for that is simply that the minimum standards that this study believes would be mandated by the ABC bill would raise the cost to all day care centers to a point where they will simply become unaffordable to a lot of middle income parents.

The second basic concern that we have is that this will create a costly and unnecessary level of Federal regulation and bureaucracy that will impinge upon the rights of the States to regulate this important function.

Now, remember. The question is not should day care be regulated. Unless we disagree with our colleagues from the Heritage Foundation, I believe that day care should be regulated, and tightly regulated. I know in the State of Maryland where we have our day care centers, we have the fire inspector, the sanitation inspector, the environmental inspector, and the program inspector. They're very, very tough regulators, and they come in and give us a very thorough job.

I believe that day care should be regulated. But the question, Mr. Chairman, is at what level would there be most effective regulation?

I know that you were listening to Mrs. Ballenger, and I was very impressed with her testimony in terms of what North Carolina is doing to regulate day care.

Now, regulation among the States may differ, but the reason this may differ is simply a conscious choice in those States to have a different kind of regulation. What works for us in Maryland—a very tough regulatory system—may not be appropriate in some other State.

That's the basic concern. The issue is not do we regulate, but do we introduce an unnecessary and costly level of Federal regulation which we think would simply raise the cost of daycare for everyone.

Now, a third concern is that we believe there are elements of the ABC bill, principally the cost factor, which would result in the displacement of several hundred thousand children from licensed centers, which are regulated, to basically unlicensed and unmonitored family day care homes.

Now, I've got to say that I have mixed feelings about family day care. My wife ran a family day care in our home for about 4 years, and I thought it was an excellent level of quality. Family day care, in my judgment, can be quality day care. There's no question about it.

But we have to face the fact that monitoring family day care is almost impossible. The cost is really prohibitive to have even a minimal monitoring of family day care. Therefore, our concern is that the day care center providers—by raising the cost of the day care centers, the families will simply be forced out of center based daycare into an unlicensed kind of situation. There is the uncertainty of whether it is of even a minimal level of quality.

I think those are our basic kinds of concerns. The question again is not regulation, but the most effective level of regulation. I was very interested in hearing the discussion among the two North Carolinians about what had happened in the change of regulations in North Carolina, and I'd like to make one point on that.

We were told that the standard for infants had gone from 9 to 1, which I would certainly not support, to 7 to 1, and that infant care rose in the State.

Now, the point I would make to you is that 7 to 1, whether this is appropriate or not, is a level which allows for an economic delivery of infant care, in my judgment. Even at 6 to 1 you can economically deliver infant care, and therefore that standard being lowered and there still being infant care simply reflects that economically, infant care can still be delivered at a 7 to 1 or 6 to 1 ratio.

The problem, though, and I take this from my personal knowledge, is that 7 to 1 infant care cannot be delivered in anything other than the most subsidized day care. It simply can't be delivered. I know that personally because in Montgomery County, we have one center where the regulations for infants stipulate 3 to 1. Other than three Government supported, heavily subsidized centers, there are no infant care centers in Montgomery County.

If you live in Montgomery County and have an infant, I'll tell you, you have a problem. It's very, very difficult to find infant care in Montgomery County.

We're trying to convince the State that if we want to increase infant care, we've got to have a different kind of standard. The important thing is that Maryland made its judgment about 3 to 1. That was a judgment made by the legislators in Maryland.

Some people think that is because legislators in Maryland think that women ought to stay home until their children are two anyway. But the judgment that was made in North Carolina again reflected the judgment of people in North Carolina about what was appropriate in North Carolina. I think that the thing we have to understand is that those people in those States, like Mrs. Ballenger—who is an excellent State regulator of day care—and others throughout the country are in a better position to make a judgment about what are the proper standards within that State.

Our concern is simply that a Federal bureaucrat— and I'm a former Federal bureaucrat, so I can say this—is not in a position to make a judgment, and does not have the kind of knowledge to make a judgment about what are the proper day care standards in various areas of the country.

The other thing is that we've heard a lot about the fact that the ABC bill will phase in standards, and that's all well and good. But if those standards don't work, Mr. Chairman, if they're set at a level that would discourage proprietary child care from expanding as it can, then a 20 year phase in isn't going to make any difference.

The important point is that the State regulators are in the best position to make those kinds of judgment.

So, to conclude, Mr. Chairman, I'd just like to say that my association, which represents 23 State organizations and thousands of proprietary day care centers, people who have their own money on the line providing this service—we're very supportive of a Federal effort with respect to day care. This should be a Federal leadership effort. But we think that effort ought to go in a different direction from the ABC bill.

That ought to go into studying some tax incentives—most of my practice is in the tax area, so I admit to a bias in that area. But we think there are many more effective ways of delivering better kinds of services without having a regulatory situation which is going to be costly and unnecessary and which ultimately is not going to provide more and better day care.

Thank you very much, and I'd be pleased to respond to any questions.

[The prepared statement of Mark Rosenberg follows:]

TESTIMONY OF MARK L. ROSENBERG

on behalf of

THE NATIONAL CHILD CARE ASSOCIATION

before the

SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES
April 21, 1988

TESTIMONY OF MARK L. ROSENBERG
ON BEHALF OF THE NATIONAL CHILD CARE ASSOCIATION
BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES
Thursday, April 21, 1988

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear before you today on behalf of the National Child Care Association. My name is Mark L. Rosenberg and I am an attorney with the firm of Ross and Duerk, P.C. in Washington, D.C. I am also actively involved in the child care industry. My wife and I own a local company, The Kid's Place, which operates two day care centers in suburban Maryland. As an active member of the National Child Care Association (NCCA), I have been asked by the Association to present this testimony on its behalf.

The National Child Care Association is a newly formed association of proprietary child care centers. Most of the members of NCCA are individual child care center owners, who own an average of two to three centers. NCCA was formed as a coalition of State associations representing proprietary child care centers and currently consists of representatives of 22 State associations.

It has been estimated that the proprietary sector of the child care industry supplies some 50% to 60% of all child care delivered in the United States. As the only national association of proprietary child care providers, NCCA is uniquely situated to participate in the policy debate concerning pending federal legislation on child care. NCCA supports Federal efforts to improve the quality of child care and to improve the delivery system. As child care providers, we believe that Federal leadership in the area of child care is long overdue and we welcome that leadership effort. We believe that the Federal role in child care must be carefully crafted, however, to support increased capacity rather than to discourage it. NCCA believes that the proper goal of Federal child care policy should be to encourage and promote parental rights and choices about child care.

We are deeply concerned that a number of child care bills being considered, particularly HR 3660 (the so-called ABC Bill), will have disasterous effects upon the child care delivery system and ultimately upon our children. Specifically, we believe that HR 3660 will:

(1) Substantially increase the price of child care to a point where it will become unaffordable to many parents. (A national magazine that covers child care issues has recently estimated the costs of the ABC Bill to parents will be over $1.2 billion in additional tuition fees.)

(2) Create a costly and unnecessary level of federal regulation and bureaucracy that will impinge upon the rights of states to regulate this important function and will stifle innovation in the child care industry.

(3) Result in displacement of several hundred thousand children now being cared for in child care centers, with the result that those children will have to seek care in unlicensed and unregulated family day care homes.

COSTS OF THE ABC BILL

According to a new study by the Child Care Review, a national magazine that reports on child care issues, the ABC bill will raise the tuition rates of non-subsidized parents by more than $551.00 per year. In its April/May 1988 issue, Child Care Review reports that these additional tuition costs will occur because of the staff-child ratios that are mandated in the ABC Bill. In an industry where staff costs are an extremely high percentage of the costs of delivering service, increases in those costs will have a devastating effect upon those parents who do not receive government subsidies for their tuition. Those middle-income parents, who form the bulk of parents now receiving child care in proprietary centers, will simply be unable to pay the additional costs that will be imposed by the ABC Bill.

UNNECESSARY AND COSTLY FEDERAL REGULATION

The ABC Bill would set up a new and costly federal bureaucracy to supervise child care. The irony of this situation is that child care is already one of the most highly regulated industries in the United States today. In every state, a child care center (generally defined as a center serving more than six children) is required to be licensed under a complex set of health and safety regulations. For example, in our centers in the State of Maryland, we are inspected by a fire inspector, a sanitation inspector, an environmental inspector, and a program inspector. These inspections are extremely rigorous, as they should be, and they are intended to insure that the child care being provided is safe and of an adequate quality. Under the ABC Bill, any state that accepts a single dollar of federal support will be required to meet a set of "minimum child care standards". In effect, the federal government will take on the task of legislating a minimum set of standards to be followed in each state.

Anyone who has followed the history of federal regulation in the past several decades will be understandably concerned about a new federal regulatory mechanism. In effect, this federal regulatory mechanism will supercede the regulatory authorities of the states, by requiring that those minimum standards be met if any federal support is to be given to a state. The ability of state to respond to the needs and desires of its own citizens concerning its regulation of child care will be sacrificed to an all-encompassing federal regulation.

The need for different standards among different states can be illustrated by simple example. In a southern state like Florida, where children are likely to be playing outside during all seasons of the year, indoor floor space per child might easily be set at a level that would be less than the amount of floor space necessary in a northern state. The ability of states to respond to their particular needs and to their own parents in regulating child care is important to the proper development of the child care system.

One of the justifications used for mandated federal child care standards is the alleged high turnover among child care staff. While I know from my personal experience that turnover is indeed a concern, we believe that the extent and reasons for turnover have been the subject of much misinformation. For example, a recent study in Texas indicates that a relatively small percentage of child care workers leave the field because of low wages. I have attached to my testimony a copy of the preliminary findings of that study, which is ongoing. NCCA is concerned about staff turnover, but we believe that the causes of turnover are far more complex than has been presented to date.

Another justification for the ABC Bill is the supposed lack of day care facilities. Again, this so-called "problem" is more complex than supporters of the ABC Bill have portrayed it. As a study released by the Secretary of Labor last week indicated, there is no shortage of day care facilities aside from some spot shortages. While more child care centers will indeed be needed in the coming years, the proprietary sector, which has been mainly responsible for the increase in child care facilities, should and can be encouraged to supply these facilities. But the ABC Bill, which will raise costs and add unnecessary regulation, will have the opposite effect, by discouraging owners from opening new facilities.

SHIFT TO UNREGULATED FAMILY DAY CARE HOMES

The National Child Care Association believes that the ultimate effect of the ABC Bill will be to push a large number of children in licensed day care centers into unlicensed and unregulated family day care homes. The Child Care Review has estimated that 786,000 children will in fact be displaced from child care facilities as a result of the increased cost. These children are likely to be cared for in family day care homes, which often charge less for their services.

I want to make it clear that family home day care is not necessarily poor quality care. My wife ran a family day care home for number of years in our home and I know that this care can be of very high quality. But we must face the fact that most of these homes are unlicensed and even the ones that are licensed are subject to extremely minimal standards. There is simply no way to assure that the level of quality assurance that is present in licensed child care centers will be present in family day care homes. A number of studies have shown that incidents of child abuse, while extremely rare in a licensed child care center, are relatively high in family day care homes. I know that we have all read the sad stories of children who have been burned or injured in accidents in unlicensed and unregulated family day care homes. While family day care homes will probably continue to be an important of the day care delivery system, the ABC Bill, by forcing more children into that kind of care, is likely to decrease rather than increase the level of the quality of day care.

ALTERNATIVES TO THE ABC BILL

As I said when I began my testimony, the National Child Care Association supports an increased federal role in child day care. But that role must be carefully shaped to avoid the serious problems that I have outlined above. While we support certain elements of the ABC Bill, such as the increased funds available for training of day care professionals, we simply cannot support the general approach of that bill, which is to mandate standards which will ultimately be extremely costly and which will create an inflexible federal system of day care.

There are a number of alternatives to the creation of this kind of a cumbersome and ineffective system. For example, block grant programs administered through state agencies using vouchers to assist low-income families in obtaining day care would be an extremely effective way of delivering that care. By allowing the parents to choose among day care centers that accept those vouchers, the parents would be given the ultimate responsibility of choosing the appropriate day care for their children. As Secretary McLaughlin's recent report points out, there are a number of federal programs already providing support to day care. We believe that an examination of how these existing programs can be improved should be conducted before we embark on a new and extremely costly program.

Another efficient way of delivering additional day care resources to families in need would be to amend federal tax credit for child care. The current credit allows up to $960 of tax credit for day care expenditures. While the percentage of the credit is gradually lowered as family income goes up, even an extremely high income family can benefit from the credit. For example, in our center in Bethesda, Maryland, we have dual professional couples with extremely high incomes who benefit directly from that credit. An alternative would be to cap the income of the parents who could use that credit at all. The additional monies could then be used to give a higher percentage credit to lower income families. In addition, the credit could even be made refundable so such that a low-income family that has no tax liability could receive additional funds to help pay for the urgently needed child care. By eliminating the administrative expense in delivering that support, additional child care funds could be delivered directly to low-income families without the need for expensive and cumbersome administrative procedures and bureaucracy.

CONCLUSION

The National Child Care Association is composed mainly of small business people who are providing the majority of child care in this country. NCCA's members are committed to the highest level of quality day care. Our members also believe, however, that affordability of day care is a key issue and that affordability must not be sacrificed. If day care cannot be delivered at a reasonable price to middle-income families, then those families will simply be forced into unlicensed and unregulated day care facilities that will ultimately provide a much lower quality of care. While NCCA welcomes the federal leadership role in child day care, we believe that the ABC Bill and similar bills will create costly and bureaucratic systems that will ultimately fail to deliver day care to those most in need. A number of alternative methods are available, however, in order to deliver day care services effectively to a greater number of middle-income Americans. NCCA would be pleased to work with the Subcommittee in helping to design a truly effective legislative response to this need.

Thank you very much, and I would be glad to answer any questions that the Members may have.

TESTIMONY OF THE NATIONAL CHILD CARE ASSOCIATION

APRIL 21, 1988

ATTACHMENTS

Attachment A - Position Paper of the National Child Care Association

Attachment B - Summary of Study Conducted by Child Care Review

Attachment C - Position Paper of Texas Licensed Child Care Association

Attachment D- Preliminary Findings of Survey of Child Care Staff Turnover

NATIONAL CHILD CARE ASSOCIATION

POSITION STATEMENT

April 17, 1988

The National Child Care Association is comprised of grassroots, small business entrepreneurs, exercising the right of free enterprise. We are committed to the ideal of all children having access to responsibly regulated, quality child care services while providing an experience that is safe, healthy and productive. We believe in the important roles played by public, private and sectarian programs. We know the value of licensed, monitored child care as the foundation for achieving and maintaining appropriate standards. We value the "Parent's Right To Choose."

The NCCA agrees with the recent (4/15/88) findings of the U.S. Department of Labor. This report by Labor Secretary Ann McLaughlin states that there is "no evidence in support of the contention that there is a general, national shortage of available child care." She also emphasizes, "Despite all of this activity and interest, one things has not changed--the primary responsibility for child care resides with America's parents."

NCCA supports the underlying purpose of the proposed child care bills to broaden the availability of child care, improve the calibre of that care and assist low income families in meeting its cost. However, we sincerely believe that mechanisms already exist (spending 6.9 billion dollars annually) to achieve these goals. These include, but are not limited to:

- Aid For Dependent Children (AFDC)
- Head Start
- USDA Child Care Food Programs
- Department of Education
- Tax Credits
- Title XX
- Job Training Program Act (JTPA)
- Small Business Administration (SBA)
- Department of Defense
- Alternative Payment Voucher (APP)

The Child Care Review Magazine reported in its April/May, 1988 issue that the A B C (Alliance For Better Child Care, Kildee/Dodd) legislation will cost parents nearly 1.2 billion dollars more in increased tuition payments. Various specific programs listed in the latest Labor Department report viable mechanisms enhancing services for low income families without creating another "infra-structure."

It is the time for ACTION AND PRACTICAL SOLUTIONS, but it isn't as easy as A B C!

NCCA would direct your legislative attention to reassess and reform these already existing mechanisms. A clean-up effort to eliminate administrative waste and to require a more exacting match from the states and local governments will result in the ability to serve more children. Three examples of states (California, Arizona and Texas) are current models using the APP (Alternative Payment Program) Voucher to deliver badly needed child care services in a cost-effective and efficient system.

The Small Business Administration loan program should be expanded to include special low interest loans that will encourage the growth and development of more child care programs. In addition, child care centers should be included in the SBA "Incubation Program" for those areas where there is a dire need for child care. The same consideration should be given as is offered to other small businesses in designated economic impact zones.

The state of Alaska, another public/private model, utilizes government funding for staff compensation, increased staff, health and nutritional needs of children, equipment, staff training and parental involvement.

The 20% ceiling on Tax Credits should be reduced for higher income brackets. Credits could then be redirected to benefit lower income families or even possibly refunded. This measure would be "Revenue Neutral."

The negative impacts of the proposed legislation are:

- Anti-proprietary
- Anti-sectarian
- Anti-family
- Anti-states rights

It creates another bureaucracy that is unnecessary consuming enormous amounts of money intended to be spent serving children. It is a budget-buster and a deficit-maker!

Historically, NCCA members are the people who administer the services, compete in the market place, generate revenue, while providing a valuable human service. We are the helping profession who knows the real story... we bring you the truth!

Every state has licensing laws, rules and regulations for child care existing in place. NCCA contends that states are best able to regulate their own industries because they are more directly familiar with local customs, opinions, trends, demands and economic conditions.

Finally, the National Child Care Association finds that bureaucracy-building federal legislation IS NOT THE ANSWER FOR THE NATION'S CHILDREN AND FAMILIES.

CHILD CARE
REVIEW

PRESS RELEASE

FOR IMMEDIATE RELEASE
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FEDERAL CHILD CARE BILL WILL RAISE TUITION COSTS AND DISPLACE CHILDREN IN LICENSED CARE

METAIRIE, LA.-- A $2.5 billion federal child care bill that is supposed to improve the affordability and availability of licensed child care will actually cost parents nearly $1.2 billion in increased tuition payments and displace over 786,000 children now in licensed facilities, according to a study conducted by a national child care magazine.

Child Care Review in Metairie, Louisiana, reports in its April/May, 1988 issue that the Act for Better Child Care (or the ABC Bill) would also have the effect of closing 12,600 child day care centers or 20.3 percent of all the licensed facilities now in operation because of the cost increases the bill would mean to non-subsidized parents.

Significantly, the proposed legislation has received strong congressional support. The House version (H.R. 3660) has 128 co-sponsors, and the Senate version (S. 1885) has 22 co-sponsors.

The magazine reports that the federal standards mandated in the ABC Bill will raise the cost of licensed care and displace children because child care is such a labor-intensive industry. With staff costs already accounting for 51 percent (or $27.18) of the parents' weekly tuition rate, federal standards which would increase staffing would raise parents' tuitions by $6.76 per week per child, the magazine reports.

The Child Care Review study says the cost impact would be greatest on parents in the south. The parents in ten southern states, the report claims, will pay over 79 percent of the total tuition increase and will account for 84 percent of the children displaced.

Significantly, the two states which lead the nation in available licensed child care, Texas and Florida, will be hardest hit by federal staffing standards, according to the report. Texas parents can expect an average increase in tuition costs of $18.41 per week, and Florida parents can expect an increase of $16.21 per week.

The reason for the disproportionate impact on the south, the magazine reports, is that 44 percent of all licensed child care slots are in 11 southern states and those states would be most affected by the new staffing requirements mandated in the ABC Bill.

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P. O. Box 578 • Metairie, Louisiana • 70004-0578 (504) 831-9662

ATTACHMENT C

Texas Licensed Child Care Association

POSITION STATEMENT

The crisis in America's child care—from the sheer magnitude of the number of children involved (16,000,000 children currently have mothers in the work force) to the staggering costs—is well known. And as the sociological profile of our families change, the need for quality care will only grow.

It is time for action.

But the answers are not as easy as ABC.

Representing 700 member centers—with well over 40,000 licensed, monitored child care spaces—Texas Licensed Child Care Association is committed to the ideal of all of our children having access to responsibly regulated child care services—providing an experience that is safe, healthy and productive. We believe in the important roles played by public, private and sectarian facilities. And in the value of licensed, monitored care as the foundation for achieving and maintaining appropriate standards.

Our opinions on the proposed legislation reflect our commitment.

YEA

✓ TLCCA supports the underlying purpose of these bills to broaden the availability of child care, improve the calibre of that care and assist low income families in meeting its cost.

✓ TLCCA applauds the focus on "innovative, locally conceived approaches to child care within each state." (S 2173)

> Virtually all states have established child care standards—and indeed are the most able to assess the licensing and regulatory standards appropriate to that state's needs, to implement and to enforce those standards.
>
> Federal guidelines could be unnecessarily duplicating and definitely would be burdensomely expensive—increasing the annual cost of care from an average of $832 to $1430 (estimated per child) depending on age. (Infant care—the most urgently needed today—would be the hardest hit.) This, in turn, would mean even more need for federal assistance to low income families.
>
> Furthermore, more parents would be forced "underground"—putting their children in substandard, unregulated child care situations, an outcome which undermines the entire purpose of the legislation.

✓ TLCCA endorses a broad-based voucher system which would allow parents to choose from any licensed and monitored facility they wish for their children. (HR 1572)

✓ TLCCA approves of the proposed restructuring of the Child and Dependent Care Tax Credit program, increasing tax relief for low income families—and other tax reforms that would more fairly and efficiently allocate government resources to help those who need the help most. (HR 1572)

✓ TLCCA believes in the need for increased funding for part day programs, specifically programs like Headstart and those designed for the handicapped. (S 1865/ HR 3660)

✓ TLCCA stands behind the idea of grants for the training of licensing body members and child care staffs as well as awareness programs for child care consumers. (S 2173)

✓ TLCCA agrees with the proposal to provide low interest loans for all licensed, monitored providers. (S 2173)

NAY

✗ TLCCA points to a glaring ommission in the types of centers specified in the proposed bills. Any legislation must include "for profit" centers, a substantial and vital segment of the child care industry. (And indeed, facilities with religious affiliations have a place in these programs, without compromising church and state separation.)

In the history of federally mandated social programs, again and again "for profit" businesses and institutions have played a significant role in delivering products and services to the intended recipients. Food stamps are redeemed at "for profit" stores; subsidies go to "for profit" farms; Medicare is paid to "for profit" doctors and hospitals; the GI bill pays for tuition to "for profit" (and, indeed religiously affiliated) schools. In each case, the ultimate goals—from providing quality health care to the elderly to providing educational opportunities—are enhanced by the strength of the "for profit" sector of society.

✗ TLCCA is opposed to the inclusion of family day care homes in legislation with the stated purpose of supporting "quality child care." (S 1885/ H 3660)

Nationwide, family day care homes require little or no standards for caregivers or facilities and are largely unmonitered.

✗ TLCCA notes with strong disagreement the double standard for child care centers and family day care homes. (S 1885/ H 3660)

This amounts to no less than discrimination against many of America's children. The failure to establish standards and provide sufficient monitoring of family day care homes endangers health and happiness.
In Texas, we have found that a child in a family day care home is thirteen times more likely to be the victim of a reportable incident than in a licensed facility.
A double standard is inexcusable.
In this legislation, for example, S 1885 clearly spells out two entirely different sets of requirements for center-based family day care—mandating levels of qualifications, training and background for personnel, appropriate child/staff ratios, etc. for centers, while covering only the number of children and minimum age of caregiver in home settings. And these are the very home settings that go virtually unmonitored—until a tragedy occurs.

TLCCA Position Checklist

Act for Better Child Care S 1885 Dodd HR 3660 Kildee	**Child Care Development Act** S 2173 Roth	**Child Care Act of 1987** HR 1572 Johnson
✓ Purpose: better and more available child care for all American families	✓ Purpose: better and more available child care for all American families	✓ Purpose: better and more available child care for all American families
✗ Exclusion of for profit centers	✓ Inclusion of for profit centers	✗ Exclusion of for profit centers
	✓ Low interest loans for all licensed and monitored providers	
	✓ Grants for training licensing bodies, staff and consumers	✓ Restructuring of Child and Dependent Care Tax Credit
✓ Increasing funding for part day programs	✓ Regulation and enforcement at the state level	
✗ Inclusion of family day care homes	✗ Inclusion of family day care homes	✗ Inclusion of family day care homes
✗ Double standard for center-based and family day care home care		

TLCCA urges your attention to the merits and flaws—as well as the laudable intent—of the proposed legislation. Make the well being of our children the priority issue it truly is for America's future.

TEXAS LICENSED CHILD CARE ASSOCIATION
To educate the public in the value of licensed child care
To focus attention on quality child care in the State of Texas

For more information, write us: Texas Licensed Child Care Association

ATTACHMENT D

Preliminary Findings
Ongoing Survey
CHILD CARE STAFF TURNOVER

April, 1988

Tarrant and Johnson Counties of Texas

A 40% staff turnover figure is being used to indict the child care industry's quality of care. The conclusions drawn and used as the bases for legislative reccommendations do not add up in the eyes of child care administrators. From our vantage point, we can see the effect these reccommendations will have on the cost of care to parents.

We do not dispute the fact that child care staff receive low wages. Administrators have felt child care must offer other, intangible but important, advantages to motivate staff to remain in the child care field.

Our questions are: Do these advantages offset, at least partly, the low wage child care is able to pay? What portion of the 40% turnover figure is due to factors not unique to child care?

100 Questionnaires have been distributed to date.

81 responses have been received.

1 response was not able to be used.

All 80 responses were from staff presently employed in the child care field.

Age range of respondents	17-67
Average number of years in child care	3.97
Classes taught	18 months thru 12 years

(Director's questionnaires were not used in these preliminary findings.)

Question:

Do intangible advantages offset, at least partly, the wage child care is able to pay?

Question to staff:

List, in the order of importance, your reasons for staying in the child care field.

1. Love for children (55% gave this as the # 1 reason)
2. Weekends off
3. Job satisfaction
4. No evening hours
5. Flexible hours
6. Vacation pay
7. Holiday Pay

One in every three respondents had their own child at the center. When this was the case, 50% ranked child care benefits as one of the top 4 reasons for staying in the child care field. 72% ranked being with their own children as one of the top 4 reasons for staying in the child care field.

Preliminary findings indicate:

Child care staff stay because they love children.
Child care staff are not in the profession for the money.
Child care staff do get intangible rewards from working in child care.

Question:

Is the 40% turnover figure a true representation? If so, what portion of turnover is due to factors not unique to child care?

Question to staff:

Do you expect to make child care your profession?

29 respondents answered yes.

--most between the age of [illegible] and 41
--average number of years in child care was 7
--24 were full-time
--reason given most often was "work is rewarding"

18 respondents answered maybe.

--most between the age of 17 and 30
--average number of years in child care was 2.2
--10 were full-time
--3 gave wages as the reason they might leave

29 respondents answered no.

--most between the age of 17 and 27
--average number of years in child care was 2.7
--14 were full-time
--5 gave wages as the reason for leaving
--10 were going into other child-oriented fields
--3 were going to stay home with their children
--10 were going into other professions or uncommitted

Preliminary findings indicate:

Some child care staff leave because of wages. 6% that answered this survey said they were definitely leaving "because of wages".

At least 50% of turnover is due to students who are using child care as a part-time job and/or as training to further their careers.

25% of staff surveyed had left the child care field (turnover) then returned at a later date. Reason given most "enjoyed the work".

50% of staff surveyed had left at least one center before (turnover) to go to work at another center.

This survey is ongoing. Would you like to participate?

For a copy of this survey send a stamped, self-addresed envelope to:

SURVEY, PLEASE
c/o Jean Little
421-A W. Harwood Road
Hurst, Texas 76054

Mr. **Kildee**. Thank you, Mr. Rosenberg.

I'll address my first question to Ms. Mankin.

Do parents generally use resource and referral programs if those programs are available?

Ms. **Mankin**. We find in our experience that they do. Our growth rate has been phenomenal. We can record nothing but an upward curve in the number of people who use that service.

Principally, there's an invisible market out there of providers who can't afford or who choose not to advertise. Through this service, which does not recommend but only refers, they can be found.

Mr. **Kildee**. Some earlier testimony suggested that resource and referral agencies provide negative information to parents concerning for-profit child care providers. Is that the case in Delaware?

Ms. **Mankin**. Absolutely not.

Everything has a different quality, and we're very proud of the quality of our service. We're very careful in how we build our database.

But more importantly than that, we're careful in our consultations. We don't hand out a computerized list, we do personal, one-on-one, 25 minute minimum interview with every parent who calls. We help them define their needs, their interests, their ability to pay, the type of service that they're looking for. We then go beyond that point to work with them and help them become informed consumers and teach them how to develop rapport with the center. We show them how to evaluate a center or family care, as it may be, how to monitor that care.

In the end, the parent is responsible for his or her own choices.

Mr. **Kildee**. The ABC bill requires that funds be spent for resource and referral programs.

Assuming that we do pass a Federal bill, do you think that would be a good utilization of Federal funds?

Ms. **Mankin**. Well, I can't agree with that.

We have our own demonstration model in Delaware that we're doing with private sector funds so well. I happen to believe that if we can do it—we are known as the first state for a lot of reasons—then other people can do it too.

Mr. **Rosenberg**. Mr. Chairman, I wonder if I could comment on that question.

Mr. **Kildee**. Sure.

Mr. **Rosenberg**. We in Montgomery County also have a nonprofit organization called the Child Care Connection by the way—a good name.

I think that the difference that someone was commenting on before, with what is happening in Delaware and in Montgomery County is that the referral service is an independent service that is simply funded through private funds in your case, and in Montgomery County through memberships. People have actually joined the Child Care Connection.

Therefore, it doesn't have any kinds of biases. We try to eliminate any bias. I think that the concern that was expressed earlier was that if referral services were funded directly by Government funds, and perhaps controlled by elements that frankly have a bias against proprietary child care—and there are elements in this industry that have this kind of bias—there would be that kind of lack of referral.

So I think that there's a difference in the kind of thing that's happening in Montgomery County—an independently funded referral service—and the kind of referral service that we'd be concerned about in the ABC bill.

Mr. **Kildee**. Well, the ABC bill required that there be, where one does not exist, a resource and referral system. That system would have to assist the parents and not serve any other programs. Would that be advisable, then?

Ms. **Mankin**. When the Government assumes the responsibility, you rob the private sector of the initiative. I just believe in the free enterprise system strongly enough to believe that we can and should let them do their part in this tremendous job of child care.

If you abandon that responsibility under mandated Federal law, then you lose the private sector clout and credibility on the child care issue.

Mr. **Kildee**. Dr. Hartman, could you address the tax equity question that was raised earlier and raised again today?

Ms. **Hartman**. Yes, I'd be happy to. I remember your question, Mr. Tauke, about the couple that both husbands are each making $20,000. In the one case, the wife wants to go out, and let's say that she earns $12,000—I think you're giving her even worse wages than she would have gotten on the average—she would then get $1,000 in child care tax credit, you estimated.

I don't know how accurate that is, but I don't choose to dispute that. She would also get some benefits from the ABC bill.

Well, she's also probably going to be paying about $2,400 in income tax. I think that's the part that was left out of the equation.

So, what you're saying is that to some extent, this helps a wife who wants to go to work to have a little bit lower marginal tax rate than her husband has.

Now, because she's putting out $2,400 in taxes and getting out about $1,500. He puts out the same thing—20 percent in taxes, and he doesn't necessarily get any of it back, since he wouldn't have gotten it had she been at home. That's all that's happening there.

I think that you have to look at it—we've heard an awful lot today about how discriminatory against the traditional family our Federal income system is. Actually, the opposite is true. We have income splitting. With one couple, if they're earning $20,000 and it's all earned by the man, and another couple are earning $20,000 but they're each earning $10,000—actually we'd probably have to move this up a little because of the earned income tax credit.

The difference between one family where he earns all the money and the other family where they both earn half the money but the total is the same—our tax system gives lower taxes to the family that keeps the wife at home. That's through the income splitting provision.

Now, before the tax reform bill, we had a working couple tax credit. As I understand it, that was taken away in the tax reform bill. And so, the dual earner couple—what do we call them? DINKs? Dual income, no kids?

They really did get clobbered in the tax reform bill. In fact, the standard allowance for dependents was raised to $2,000 per dependent, and the tax reform bill—I haven't done my 1987 taxes yet, so I don't know these things. That's because they owe me money, and I always file late, since I like to give money to the Federal Government for no reason.

Basically the arguments that we've heard about how discriminatory the income tax system is against the traditional family is kind of like fighting the battles of some time ago. They gained a lot in the Tax Reform Act, and it's been the working couples that have felt discriminated against in these last 10 or 20 years. They did start to go on the offensive and get things like the child care tax credit to get themselves not so discriminated against.

Another classic example is Social Security. You take a couple where all the money was earned by the man, and another where it was earned equally by the man and the woman. That second couple, where it was earned equally, will possibly have paid more Social Security into the system in their lifetime, and will get less when they retire.

Another way in which the system actually benefits the traditional family is that rising systems, policy systems tend to lag. These social changes have been very recent, and most of our public policy has not kept up with it. To sort of argue that this bill would do something terrible here, I think is kind of ridiculous. Basically what the case is, is that everybody pays taxes and everybody gets tax breaks, and you hope that overall people with more money are paying more taxes.

I mean, I don't think I am going to feel real happy when—if—President Reagan and Nancy decide to buy that mansion out in California from that group of friends who bought it for them, and they get to take all that interest off their mortgage as a tax deduction. Yes, there is an upper limit on it, but that is still an enormous tax break for them that I, who earn less money than them, am paying for.

Those are just some of the issues about tax equity. Everybody gets breaks, everybody pays taxes, but actually with respect to working couples versus traditional couples, if you want to call them that, in general the tax system favors the traditional couples. It is not the other way around at all.

Ms. MANKIN. May I comment, please?

Mr. KILDEE. Certainly.

Ms. MANKIN. It is surprising to me that nobody has pointed out that there already exists a tax break within the present internal revenue code, in terms of "cafeteria" benefits. There is a voucher system available under the "cafeteria" benefits system to employers, whereby employees can take pre-tax dollars and apply them to a variety of benefits, including child care. In some cases I think we are reinventing the wheel here. I know of at least two major employers in Delaware who are taking advantage of this system, and it becomes a part of their marketplace recruitment and retention of the work force, to offer this benefit as a "cafeteria" benefit to the worker, and that exists in our present Tax Code.

Mr. TAUKE. Would the gentleman yield on that point?

Mr. KILDEE. I will be glad to yield.

Mr. **Tauke**. I acknowledge and agree with much of what was said by both of the witnesses who just testified in response to the chairman's question, but I think it misses the point that I was attempting to make, and that is that there are a lot of people in real life out there who face the question of whether or not one of the parents ought to stay at home and take care of the children. If you have a family with, let's say, $20,000 of income coming from one of the spouses, that isn't easy. It is not easy for them to make a choice for the other parent to stay home.

If they do make that choice, they get nothing. There is nothing that comes their way in the form of assistance to help in caring for that child. But if they make the choice not to stay home, then there are a variety of things that come their way in response to caring for the child, including the tax credit which we have talked about, including the "cafeteria plan" mechanism which you have just mentioned, and now we would be adding a third benefit to it.

I guess my point is, is it really equitable or is it even good social policy to say to the parents, "If you both leave and go out and earn money, we are there to give you lots of help in doing that by giving you various mechanisms to take care of your children. But if you decide that one of you wants to stay home and watch the children and maybe care for them the first year or the second year, then there is nothing. We are going to do nothing to help you."

That is what bothers me about the current dependent care tax credit and some of the other mechanisms in the law, all of which are good individually, but when you look at them in the overall scope of Federal policy, you sit back and you say, "Is this really the right direction? Is this the kind of incentive that we want to give?"

Ms. **Hartman**. Well, the major incentive we give them is income splitting. No other advanced industrial country in the world gives married couples that incentive, that I know of.

Mr. **Tauke**. That is true, except that the choice in this case isn't to take the $20,000 and divide it between the two or keep it with the one, so the income splitting is interesting but it is not particularly relevant to the choice that they make, because the choice isn't if one is going to make $32,000 and the other one can stay home. The question is, if they both work, they have an income of $32,000; if one works, they have an income of $20,000. If they both work, they get the extra benefits; if only one works, they don't.

So you really give many couples great, great economic incentive to do what they don't necessarily want to do. It is in part because I have had some parents talk to me about this, because of the choices they have had to make. This goes back before this bill. This goes back to the dependent care tax credit issue.

Ms. **Hartman**. Well, I am actually not opposed to subsidizing that choice if we want to. I just think that it is somewhat of a misrepresentation of the system to somehow persist in believing that they are not getting anything. We are encouraging that traditional family form in various ways, and this tax reform added to that tremendously by increasing the deduction for the dependents' allowance, so we have just done an enormous thing to encourage—to make that choice more possible. Now if you want to throw more money at it, hey, I don't object, but there is also the problem of those who are out there working and need the child care subsidy, so let's throw some money at that, too.

Mr. **Rector**. Could I speak to this? I think that, first of all, to say that raising the personal exemption to $2,000 has done a tremendous amount to address this issue is really not very factual. The reality is that in the 1950's we had a tax code which sheltered and protected families with young children, not just families that were using day care. We had very high personal exemptions, that meant that really families with two kids below median income did not pay taxes.

Now that policy of protecting families was inadvertently eroded because the personal exemption was not raised or was substantially unraised for two or three decades. Now if we want to get back to a policy—and we all can agree that families with young children face particular economic pressures—if we want to get back to a policy that strengthens those families, the first thing we need to do is substantially reduce their taxes, and raising the personal exemption to $2,000 doesn't even come close to that. As I said earlier, if we wanted to get back to the type of pro-family tax policy we had in the 1950's, you would have to take the personal exemption up over $6,000, which is roughly equivalent to what the Schulze toddler tax credit does for children under age 6.

Again, the question is not so much the fine points of tax equity but a question of whether, in crafting a pro-child care policy, we want to recognize that we have a wide variety of families and that in particular we have a very large number of mothers who are making a considerable economic sacrifice in order to make the social contribution of remaining home to care for their own kids. Do we want to have a policy that treats those families as if they did not exist, or do we want to have a policy that basically is going to try to provide financial assistance to all families with young children?

The reality of the situation still remains unchanged. It is that the predominant families that are using day care in the United States today have far greater financial resources than those families that are not using day care, and it seems inequitable to begin a policy that is going to tax the traditional family in order to provide even additional social subsidies to these more affluent families.

Ms. **Hartman**. I would like to just question one fact in your paper. It just happens that the last year and a half I spent at the Census Bureau as an American Statistical Association Fellow, and I worked with the survey of income program participation data, and I have been very puzzled by a number of things in your paper: for example, the notion that 83 percent of children under 5 in day care are from two-parent, two-earner families, and then this particular report with the green cover is cited. There is nothing in that report that cross-tabs family type by type of day care, so you might have added some other data to get that—

Mr. **Rector**. I said the figure was 83 percent of families using day care are——

Ms. **Hartman**. From two-parent, two-earner families, and this report is cited. It is not in this report.

Mr. **Rector**. It is.

Ms. **Hartman**. Well, it doesn't cross-tabulate the data that way, but just to give you a counter set of data, also from the Census Bureau, from 1977—and you emphasize that because on average these two-earner couples have such high income, then if we support day care centers, we are supporting people with high income—another Census Bureau data set said that in 1977, 40 percent of those who used center care—and that was actually the report that did cross-tabulate income by whether or not they used center care, there is actually nothing in this report on family income at all—had family incomes of under $12,000. Now just take that 1977 and convert it to 1984 dollars, and you get $20,000, so that says that 40 percent of those families that are using center care earn less than $20,000, which is way below the average income.

I think that another example of data that is slightly off, is that all of your figures on what percentage of mothers work outside or work inside the home, is about 10 percent lower than all of the ones in this other Census Bureau report. Mrs. Schlafly also gave a figure that was about 10 percent lower than what is in this other Census Bureau report, and I think part of it is that—I have struggled for several hours while I was waiting to figure out what it was—I think basically two different data sets were combined, the survey of income program participation which uses a numerator, and some other census data which uses a denominator, and it makes your numbers very low.

Basically I don't think it matters a lot. The only reason it has a little bit of ideological importance here is that these 10 percentage points one way or the other—I mean, who cares about 10 percentage points one way or the other—just happen to at this particular point in history tip the balance as to whether it is the majority who stay home or the majority who are out in the work force. Just about everybody's data says it is the majority who are out in the work force, and somehow today we got a lot of data that said the opposite.

So I just wanted to say that, based on my many years of experience with this data and my one and a half years spent out at the Census Bureau, I think that you might want to ask the Census Bureau to just clarify which interpretation they think is the more correct.

Mr. **Kildee**. We will do just that, as a matter of fact——

Mr. **Rector**. If I could address that, without exhausting, there is another factor. I did check with the author of the "Who is Minding the Kids" report before I combined those data sets, and they said that this was proper or should not cause problems. Another reason that the data we have provided is slightly different than the conventional statistics is that we are asking the question, "How are children cared for?" That is a different question than asking mothers with children, are they employed? The reason for that is that if the mother has two kids under the age of 5, she is less likely to be in the work force.

So if you simply concentrate on mothers as your unit of measure, you get a different picture, but the reality remains that whether we quibble over a few percentage points or not, that the majority—75 percent—of children under age 5, or we could say 72 percent or something, are cared for either by their mothers or by relatives.

Roughly only a third of children under 5 have any type of paid day care whatsoever, and if you look at children in full-time care, only 17 percent of these children under age 5 are cared for full-time by nonrelatives during the work week.

Now this seems to be very different than all of this stuff about how the traditional family is disappearing, is obsolete, and so forth and so on. The reality is, that is largely unreported, is that current mothers are working a considerable economic sacrifice in order to remain at home with their kids. They are making a very great effort to do that, and I don't think the social policy of the Federal Government should work to discourage that.

Mr. **Kildee**. Thank you. Just one concluding question: You mentioned, Dr. Hartman, this issue bulletin written by Mr. Rector, which criticizes both the Dodd-Kildee bill and the Hatch bill, although the criticism of the Hatch bill is in a footnote and mine is in the main text, but I would prefer to be in the main text. Do you have any other comments on any of the—

Ms. **Hartman**. I don't think I was referring to that briefing paper. I was referring to the written copy of the testimony.

Mr. **Rector**. It's virtually the same.

Ms. **Hartman**. Oh, all right. I mostly just focused on the numbers, which—you know, that is the trouble with statistics. You can argue about them forever. Mainly it is also a difference in interpretation. I mean, it is looking at the glass half empty or half full. I look at the tremendous changes in women's lives over the last 10 or 20 years, and I would emphasize how many are going out to work, how many are choosing that road to economic security, how many feel they have to do it, how many want to do it. I really do think that it might be worth clarifying these numbers just on that point.

You look at the same set of statistics and say, "Well, maybe a lot went out, but look how many have stayed home and look how hard they are trying to do that." I think in general our social policy has supported that choice, and I think here is a group of Congressmen and women who want to support those that have made the choice to work or feel they have had to, and the children need some help with that choice, so I applaud them for their efforts. I think that it kind of redresses a historical imbalance the other way, but that is just the way I look at that glass, and you look at it the other way.

Mr. **Rector**. Congressman Kildee, if I could make one more comment before we close, on this question of unregulated day care centers, we hear a lot of pejorative comments on family day care providers that are not licensed. In fact, if one simply sat in this room and got information from the way they were depicted today, we would have to assume that they were all cretins and monsters and people who leave babies on concrete floors, and so forth and so on.

I think that is extremely insulting to what I estimate to be the 1.6 million nice women in the United States who take care of young children in unlicensed environments. My sister was an unlicensed day care provider for many years. I know many, many families that—in fact, I know more families that use unlicensed day care than use licensed day care. They know, they have personal relationships with the women that are providing the care. They share supper with them, and so forth and so on.

Now it is interesting that, as you listened to all this discussion, there was no social science data provided. There were simply a few—after 10 years of lobbying against unlicensed day care, you can produce a few anecdotes showing that unlicensed day care is bad. You can also produce large numbers of anecdotes, such as those concerning the McMartin School in California, that show that licensed day care is very bad. I think that social policy that is based on anecdote is usually not very good social policy.

We do have one study that I am aware of comparing licensed to unlicensed day care. It is called the National Day Care Home Study, and this was a study of over 800 care providers. That report concludes that family day care in general is—this would be small, noncenter care—is "stable, warm, and stimulating. It caters successfully to developmentally appropriate needs of the children in care, and the parents who use family day care report it satisfactorily meets their child care needs and that the cost of this care is reasonable."

The study did find some differences between licensed and unlicensed family care providers, but they were minor. For example, a regulated day care provider spends 13 percent of their time teaching to young children; unregulated day care providers, 12 percent of their time. A regulated family provider spends 47 percent of their time in direct involvement with the child; the unregulated provider works 42 percent in direct involvement with the child.

There was no indication in this study that unregulated care was in any sense dangerous or harmful to children, and the overall conclusion was, "The observers were consistently impressed by the care they saw, regardless of the regulatory status."

Unregulated care-givers actually had fewer children per adult than those family day care providers who were regulated. Regulated providers had four children per adult; unregulated, 2.8. Many, many of these so-called unlicensed day care providers are women that are home taking care of their own child and are taking care of maybe one other child in addition, in a very familial environment. In fact, there are many reasons to believe that that type of environment might be better for the children.

Ninety percent of the parents with kids in family day care in general said that the needs of their children were met, and 75 percent said that the children had a loving relationship with the family day care provider. I don't have the exact data to compare that to group care centers, but it would be a very interesting comparison. Moreover, three times as many of the parents felt that they would like to have more kids in the family day care center, as said that there were too many in the center.

So I think that there has been a general misrepresentation, as well as the representation that most American families would prefer to have children in centers as opposed having the children cared for by relatives. The data on adult preferences does not indicate that, and that is one of the reasons why we have a very high level of relative care. This is particularly important with regard to low-income families and families on welfare, where when families on welfare do work, 60 percent of the time the care is provided by a relative.

Of families on AFDC, a quarter of them have another adult female in the house, more likely a grandmother or aunt, and this is a very strong positive social resource that we do not wish to discourage the use of. I cannot understand why we would want to discourage the use of an aunt as a day care provider, but all of this talk of regulating and licensing and certifying aunts as day care providers in order to make those families eligible for any type of economic assistance is clearly only going to discourage that, and is going to become so cumbersome that in fact those families—which are a majority of families which do have extended kinship networks available to them and would like to use them—are not benefited by this policy and are discriminated against.

Mr. KILDEE. Thank you all for your testimony. You have been most patient. We have been here for eight and a half hours. You have helped us a great deal. The legislative process requires that we have the input from people who are particularly outside the Congress and outside the legislature, who see things with a different perspective, and you have helped us a great deal in that. We will keep the record open for two additional weeks for any additional data or testimony that you might want to put into the record.

At that, we will stand adjourned.

[Whereupon, at 6:30 p.m., the subcommittee adjourned.]

[Additional materials submitted for the record follow:]

STATEMENT OF
ANN D. McLAUGHLIN
SECRETARY OF LABOR
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES

April 21, 1988

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to submit this statement to you today on the subject of child care. I commend you for holding these hearings and for focusing attention on this important subject.

As you know, child care is a subject that over the last year has received a great deal of attention. More than 100 bills in Congress, hundreds of major newspaper and magazine articles, dozen of studies, and a variety of forums have clearly communicated widespread concern that a crisis exists and is spreading in the ability of America's parents to find child care for their children. The weight of public opinion is widely perceived to call for Federal intervention.

Because of child care's growing importance as an economic and workforce issue, on January 15 of this year, I appointed a Labor Department task force to examine the problem and what is being done to deal with it. On April 15, the task force issued its report. I believe the report addresses a major issue and I would ask that the full report be made a part of the hearing record. Child care has to do with the dramatic changes in the workforce that have occurred over the past several decades. The overall participation of women in the labor force is increasing. By the year 2000, it is estimated that over 60% of women will be at work. Approximately three-fifths of all new entrants into the labor force between now and the year 2000 are expected to be women. And, a little more than a decade from now, women are projected to account for almost half of America's labor force.

The most dramatic change is among women with pre-school or school-age children. In 1950, only 12% of women with children under the age of six worked. Today, 57% do. And, of all mothers with children younger than 14, almost two-thirds are in the workforce. Of course, it is important to note that not all of these mothers work full time.

Clearly, child care is a workforce issue -- an issue with serious implications for the health of the American economy and the well being of American workers and their families. It affects the supply of our labor and the productivity of our industry.

Child care enables working parents to balance their workforce responsibilities with their child-rearing responsibilities. It enables employers to compete and to retain productive workers. It enables parents to stay in education and training programs or return to them.

Our child care task force found that about one-fourth of the 64 million American families are families in which the parents work, and the children are 14 years old or under;

importantly, most of these families have found child care. The child care issue cuts across all demographic lines. For example, among working parents with child care needs, sixty percent have an income of approximately $25,000. It affects two-parent families as well as single parents, the middle class as well as low-income. But the specific needs and problems of various groups differ significantly.

For low income working families, whether single or dual parent, affordability can be a major concern. Many working parents, regardless of income, express concerns about the access to, and quality of, day care for their children. To still others, the concern is a lack of variety in child care options.

These differences underscore the need for flexibility in responding to the demand for diverse child care arrangements. We often try to look at problems in the aggregate, because it's easier to believe that sweeping solutions will solve the problem. It's the "one size fits all" myth. And that's the wrong approach, particularly with child care. I believe the Labor Department task force has provided a comprehensive picture of the child care issue. We are still looking at other related issues such as liability.

It is clear that developing effective child care approaches requires the commitment and cooperation of business, labor, community and religious organizations, government at all levels and first and foremost, parents. Employer-provided child care has indeed grown tremendously. Unions increasingly see child care as an important labor-management issue. State and local agencies provide a broad range of child care services and activities, and often are at the forefront in developing innovative arrangements. But what many are not aware of is that the Federal government currently plays a major role in funding child care -- funding for Federal child care assistance programs, and the Head Start program, totals $6.9 billion in FY 1988. The Federal child care effort is designed and targeted for various purposes, from helping taxpayers through tax subsidies, to breaking the cycle of welfare dependency through jobs programs, to child development through food and education programs.

In sum, the task force report leads us to several conclusions. First, we need to recognize that the child care situation is not one problem but many problems. Different groups have different needs and no single initiative -- legislative or otherwise -- can address all of the concerns and all of the needs.

Second, real child care problems may exist, but there is not an across-the-board availability crisis of national proportions. The perception might exist, but the reality is one of spot shortages of certain kinds of child care, and shortages of a sufficient variety of child care options to meet the needs and preferences of working parents.

Third, child care is not the responsibility of one institution in our society or one level of government. The primary responsibility belongs with parents. But employers, organized labor, and State and local governments have a significant role to play in ensuring the adequate provision of child care.

Fourth, the Federal government already is making a significant contribution to providing child care.

Given this, what additional steps should we as a Nation be taking to address child care? There are some things that we in this country can do now to increase the provision of affordable and quality child care while maintaining the flexibility needed to meet the diverse needs.

- Employers should be encouraged to adopt policies and practices -- such as flexible work practices and child care assistance -- that help working parents meet the dual responsibilities of work and family. Employers and unions should be encouraged to work together to achieve these objectives.
- State and local governments need to disaggregate the child care problem and carefully examine the differential needs in local areas. All levels of government need to examine how the substantial resources that are devoted to child care are utilized and whether they be used to address the differential shortages that exist in some areas -- for example, child care may not be available at night, and infant care, sick child care, and after school care may

be in short supply. State and local governments also need to examine their regulatory policies and rules governing child care, to make sure that they facilitate a flexible market response to changing needs, and contribute to filling the gaps in the provision of child care.

- Quality child care is important. There are several ways to improve the quality of care. We need to build public understanding about child care and increase the information available to parents, who have the greatest incentive and are in the best position to determine the quality of care. We need to foster nonregulatory approaches such as training of providers and private accreditation similar to the approach we use with our education system.
- At the Department of Labor, there are a number of things we plan to do within our existing resource level that will directly or indirectly impact on the provision of child care.
  - We will conduct a comprehensive review of all Departmental laws and regulations to evaluate their impact on work and the family.
  - Through existing Department of Labor programs, such as JTPA and the Job Corps, we will encourage increased use of existing funds for child care options under the provisions of current law.

-- The Department will provide leadership in addressing the child care issue by arranging opportunities for the interchange of ideas among business, unions, and government at all levels.

-- We will establish within the Department a repository of the best child care practices of employers.

-- Drawing on these models, we will provide technical assistance on child care to labor and management.

-- We will recognize employers and unions who develop innovative approaches to child care and publish and promote innovative practices.

-- We will study the relationship between child care and worker productivity.

-- Finally, we will maintain the Department of Labor child care center as a model and work to ensure that our regional employees also receive child care assistance.

Mr. Chairman, I would now like to turn to your bill, H.R. 3660, the "Act for Better Child Care Services," which is commonly referred to as the ABC Bill. The bill seeks to establish a program, run through the States, of grants to child care programs, with priority to those serving low income children. A sliding fee schedule would be used, requiring copayments based on services provided and family income.

The bill also would also establish Federal child care standards, and require States to plan for and implement the improvement of licensing, regulating, monitoring and enforcing of child care programs. Funding for the ABC bill would total $2.5 billion in Fiscal Year 1988.

Mr. Chairman, I believe that these hearings, and the groundwork that the Labor Department task force has done on this issue should go a long way in helping to develop the most appropriate responses to the issue. I have been looking at the bill in light of the task force report, and am concerned that we not take precipitous actions that will create additional barriers to the provision of child care.

I would like to express several concerns I have regarding your proposal. First, as I have indicated, significant Federal resources already are available to assist low and moderate income families to obtain child care. In light of this fact, I think we must ask ourselves if it is prudent to create a large new Federal program of the type envisioned before asking if current expenditures can be better utilized.

Second, the bill would establish new Federal standards governing the provision of child care. Given the findings in our report, it may be that such standards are neither necessary, nor appropriate. States generally regulate child care through defining minimum standards for the health and safety of children. There are other ways to improve the quality of child care without regulation, including increased parental involvement, the education and training of child care providers, and private accreditation. As I have indicated, child care needs and the types of child care that are available vary greatly. Federal standards to address such a multifaceted problem probably would not be responsive to these differences.

Third, the bill would create a whole new infrastructure, at the Federal, State and local levels, to oversee the delivery of child care services. We must ask ourselves whether a Federal infrastructure would kill the vitality of solutions being developed at the local level. Could such an infrastructure possibly meet the diversity of needs and preferences of parents and children? It may only throw up additional barriers to flexible child care arrangements.

Fourth, the bill emphasizes center-based child care. Our work points out that more flexibility is needed to respond to dynamic local markets, reflecting the vast array of child care arrangements selected by parents, including the use of relatives, family day care homes, and church-based groups. The emphasis on center-based care may create more rigidity.

Fifth, the bill does not envision a role for the employer community. The majority of parents who need child care are working parents. Business has much to gain from more active involvement in the child care issue. Those employers who provide child care assistance demonstrate recruitment and productivity gains. Employers are beginning to look closely at workers' multiple child care needs and increasingly play a key role in providing child care assistance. We need to encourage employers and unions working together to play an even stronger role.

As the primary Federal agency charged with protecting the welfare of working people, the Labor Department has a natural interest in child care. In the coming months, I will continue my efforts to focus public attention on the work force implications of the child care issue and will discuss it with my colleagues in the Cabinet and with the Congress to assure that we work together to achieve our mutual goals.

Mr. Chairman, this concludes my prepared statement. At this time, I would be pleased to answer any questions that you or other Subcommittee members may have.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of
Human Development Services

Assistant Secretary
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Statement of

SYDNEY J. OLSON

Assistant Secretary for Human Development Services

before the

Subcommittee on Human Resources

Committee on Education and Labor

U.S. House of Representatives

April 21, 1988

Mr. Chairman, Members of the Committee, thank you for this opportunity to testify about the Federal role in child day care.

In proclaiming National Child Care Awareness Week, President Reagan said that public policy on day care "must increase and strengthen, not narrow and dilute, the variety of child care options open to families. It must help ensure that child care serves as an adjunct and buttress to parental guidance and love; that it reflects as far as possible the actual preferences of parents for the personal care of their precious offspring; and that it is inherently flexible, to avoid the establishment of practices or programs that defeat these ends and undermine either the well-being of children or the health of the economy."

The care of children is of vital concern to all Americans. In establishing public policy, government at all levels must take into account the needs and preferences of parents and their children. The National Committee for Prevention of Child Abuse has pointed out that "all studies indicate that the key to quality [child care] lies in the match between the caregiver, the child, and the family. All the most wonderful equipment, nutritious meals, and stimulating programs will not provide a quality child care arrangement if the family's values conflict with the caregiver." Government must not substitute its judgment for that of parents. Instead, Federal policy should seek to strengthen families by trusting parents to make decisions concerning the care of their children.

Many parents who work outside the home require child care services. In FY 1988, the Federal Government will spend an estimated $5.7 billion on child care and an additional $1.2 billion for child development through the Head Start program. This represents a substantial increase over the roughly $2.7 billion in estimated Federal expenditures in fiscal year 1980. The Federal government supports child care through tax credits for individuals who incur child care expenses in order to be gainfully employed and income tax exclusions for individuals who receive employer-provided day care. It also provides funds to States for child care programs under the Social Services Block Grant, the Job Training Partnership Act and the Aid to Families with Dependent Children, and other programs. A total of fifty different Federal programs and tax provisions support child care.

Among several offices within HHS, the Office of Human Development Services (HDS) has taken particular interest in the issue of child care. The Social Services Block Grant is a formula grant program providing services for low-income persons aimed at preventing dependency, among other goals. Although States have considerable leeway in how they spend their grants, all but four have indicated that Federal funding is being devoted to child care. States spend about $1.1 billion per year for child care, of which about $660 million is from the Social Services Block Grant, while the rest is from State funds. In addition to the Social Services Block Grant, HDS has undertaken a number of child care initiatives. The Administration for Children, Youth and Families is conducting research and demonstration projects on the relationship of child care to job-related problems such as absenteeism and job stress, on developing new models of employer-supported child care programs, and on helping establish community child care systems which include employers as a major source of support. HDS has recently funded two national studies on child care. One of the funded projects will enable the National Association for the Education of Young Children and the Urban Institute to produce a "National Study of Child Care Supply, Demand and Economic Importance," providing an analysis of how child care markets operate and how they respond to the realities of work and family life in America today. We have also asked the National Academy of Sciences to analyze and discuss a range of child day care policy options.

For over twenty years, we have shown our dedication to providing comprehensive child development services to children from low income families through the Head Start program. Although Head Start is not a child care program, this program provides high quality, comprehensive education, health, nutrition, social and other services primarily to disadvantaged preschool children three years of age and older. We continue to seek innovative ways of serving young children, with the involvement of their families, through improvement of the Head Start program and through coordination of Head Start, public and private day care providers, and the public school systems.

The Child Development Associate (CDA) program, which is operated in association with the National Association for the Education of Young Children, provides nationally uniform credentials for child care. Thirty-eight States and the District of Columbia have incorporated the CDA into their child care licensing requirements.

Sound public policy must recognize that parents and not government must make the decisions concerning the care of their children, that regulation of day care providers is the responsibility of State and local governments, and that partnerships between parents, employers, providers and government can help expand the range of child care options available to parents.

Government cannot solve the child care problem. Indeed, Federal policy that is too narrowly conceived can make matters worse. Government must take into account the needs of all parents with young children, not just the needs of those who work outside the home. Many millions of children do not require day care outside the home becuase a parent cares for them. In fact, according to Census data, 54.4% of children under age five have mothers at home. Federal policy must not neglect the needs of such parents or overlook the contributions they make to our nation's economic growth and to its future.

When parents join the work force, they should select the kind of care which best meets the needs of their family. About one half of children under age five not in their mothers' care are cared for by relatives. Group day care centers care for only a small percentage of children under age five whose mothers work outside the home. Family providers are an important and too often overlooked source of day care. Many parents find that family day care homes are more affordable and offer more flexible hours than day care centers. Government policy should not promote center-based day care over family day care, but rather should assure that parents have the broadest possible range of options from which to choose.

Such options should include day care provided by charitable organizations, including religious institutions. Churches provide services to a great number of children, particularly poor children. All levels of government should encourage this practice. We object to many provisions of the bill, H.R. 3660, currently under consideration by this committee. But perhaps the single most egregious provision of H.R. 3660 is section 19 which explicitly prohibits the expenditure of Federal funds for "sectarian purposes or activities." The bill elsewhere defines "sectarian" as "advancing or promoting a particular religion or religion generally," and requires churches that directly or indirectly receive assistance under the act to remove "all religious symbols or artifacts" from rooms where children are cared for.

Churches are an important source of child day care. Many parents want their children to be exposed to religious training and values. Government should not discourage this choice.

We also believe that the administration of child care programs should remain at the local level, because individual States and communities are best suited to determine the needs and priorities of their citizens. States, not the Federal government, should develop child care standards. The Federal government should not supplant State licensing standards and enforcement activities by promulgating regulations. States should not, for example, be required to follow inflexible Federal procedures for public hearings, data collection, reporting, licensing, inspections, enforcement and information and referral programs. Moreover, a community focus -- rather than control by the Federal government -- respects the cultural, ethnic, regional, and philosophical diversity in child rearing that most Americans consider so important to maintain.

Finally, we believe that the Federal Government must continue to develop partnerships among Federal, State and local governments and the private sector, while continuing its current fiscal support of child care. Such partnerships can help expand the range of options available to parents who seek child care services for their children.

These three principles -- parental choice, State and local administration of day care programs, and the development of public-private partnerships -- must shape Federal policy on child care.

H.R. 3660, while it seeks to increase the availability of center-based day care services, does so at the expense of limiting parental choice and increasing burdensome and costly Federal regulations. We oppose this bill because it entails additional Federal spending for purposes that can best be achieved through existing Federal program authorities, along with increased participation of State and local governments and the private sector.

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SUPPLEMENTARY STATEMENT BY
HEIDI HARTMANN

Before the Subcommittee on Human Resources
Committee on Education and Labor
U.S. House of Representatives
April 21, 1988

May 5, 1988

In testimony before this Subcommittee on April 21,1988, both Robert Rector and Phyllis Shlafly stated that the ABC bill (HR 3660), in supporting child care, discriminates against "traditional" families (families who do not use child care because they have a mother at home). They further stated that families with both parents working are better off than those with only one in the labor market, so that legislation that supports child care represents a "reverse Robin Hood" policy because it would tax the poor (the traditional families) and give to the rich (the dual earning parents). They also suggested that federal income tax policy, especially the child care tax credit, discriminates against "traditional" families. Mrs. Shlafly further stated that it is only the wives in better-off families that work in the labor market.

How valid are these claims?

Are mother-at-home families discriminated against in federal policy?

Any claim that supporting child care "discriminates" against traditional families has to be examined in the context of federal policy more generally. Although Shlafly, Rector, and others claim the tax system discriminates against mother-at-home families, actually the opposite is true. In work by the Urban Institute and others, the federal income tax system and the social security system were shown to be supportive of the traditional mother-at-home family at the expense of working wives (and single people).[1]

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[1] See Chapters 7 and 8 in The Subtle Revolution, ed. Ralph E. Smith, The Urban Institue, Washington, D.C., 1979.

In the income tax system, the income splitting provision benefits traditional families (or any family in which one spouse does not work for money). In most European countries, there is no income splitting allowed. The tax rate for two-earner couples was shown to be higher than for single earner couples, and higher than for single people, so much so that it would have paid many two-earner couples to divorce. Because of this inequity, the special deduction for married couples in which both work was instituted. The child care tax credit also redressed the inequities these couples faced. As a result of the recent tax reform, the federal income tax system now benefits traditional families even more. The increase in the allowance for dependents (the personal exemption) to $2,000 benefits the traditional family more, because women who stay home have more children than those who work in the labor market. Tax reform also eliminated the special deduction for the dual-working married couples worth $6 billion in 1988. The revenue losses caused by increasing the personal exemption to $2,000 average $27 billion yearly (U.S. Congress, Joint Committee on Taxation). These figures are larger than the revenue losses that result from the child care tax credit ($3.5 billion in 1988). Recent estimates of the revenue lost because of income splitting are unavailable, but are surely relatively large.

It should also be remembered that working wives are paying income taxes--the child care credit is a return to them of some of the taxes they pay because of the costs of working outside the home and because the tax system financially discourages rather than encourages their employment. The child care tax credit makes the system a little less discouraging.

In social security, the system provides large benefits to a married person with a dependent spouse. Couples in which both have worked all their lives and single people pay the benefits for those dependents. For example, married men do not pay more than single men with the same income, though they (and their wives) will receive much more in benefits. Couples in which both have worked most of their adult lives do not usually receive more in social security benefits than those in which only one member worked, though they have paid more in social security taxes.

Evaluating the impact of any one provision can only be done in the context of the whole. On the whole, are traditional families suffering grave injustices as a result of federal tax policy? The clear answer is no. They benefit in many ways. Those suffering the injustices are still the working couples.

As the Congress knows, it is difficult to design broad social policies--such as income taxes and social security--in a way that is fair to many different types of families and to individuals in a variety of situations.

Are two-worker families better off than mother-at-home families?

On average, yes. When the mother works for money, her family benefits financially. The mother, statistics on housework show, is doing two jobs--housework and wage work--and her family benefits from her extra work.

The wage-working mother, however, has expenses of working outside the home, that the at-home mother does not have, such as commuting, which for comparison purposes should be deducted from her income. Also, of course, the at-home mother provides more services for her family from which her family directly benefits. For comparison purposes, the value of her services should be calculated and added to her family income. If these deductions and additions could be made, the average incomes of the two types of families would be closer. The true economic status of the two types of families is difficult to discern.

Yet, because so many wives and mothers are entering the labor market, common sense suggests that they feel working outside the home is worth it--they and their families probably gain more than they lose. Many families seem to feel today that it takes two adult earners to achieve the standard of living they desire. Those families that could afford to have one parent at home to care for a child full-time, but who do not do so, are choosing the larger incomes that a second earning parent provides. In our society, they are free to make that choice, and they make it despite the fact that tax policy discourages it.

Of married couple families with children under 18, the majority now have two earners. As of 1986, in 66.6 percent of married couple families both the mother and father work in the labor market; in 27.2 percent, only the father works in the labor market; in 3.7 percent, only the mother does.

Not surprisingly families with two earning parents have higher incomes than those with only one earner:

1986 MEAN FAMILY INCOME

	Earners	
Married Couples with:	Father Only	Mother and Father
Children under 18	$31,494	$39,050
Children under 6	29,270	36,574

Source: U.S. Bureau of the Census, Unpublished Data.

Yet, most women work out of economic necessity.

Are mothers in better-off families more likely to work outside the home?

No. Except for families near the poverty level, women whose husbands have lower incomes are more likely to work outside the home. The more the husband earns the less likely the wife is to work outside the home:

Earnings of Husband	Percent of Wives with Earnings
less than $15,000	65.9
$15,000-$19,999	72.3
$20,000-$24,999	71.7
$25,000-$29,999	71.1
$30,000-$34,999	68.8
$35,000-$49,999	63.5
$50,000-$74,999	59.3
$75,000 or more	46.5

Source: U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1984. Current Population Reports, Series P-60, No. 151, Table 22, p.78.

Most women work out of economic necessity.

Not only do more women work in the paid labor force when their husbands' incomes are lower, wage-working wives contribute a higher proportion of family income for families at the lower end of the income distribution. The average wife contributes approximately 30 percent to her family's income, but wives of husbands who earn between $10,000 and $15,000 per year, contribute over 40 percent, and at very low incomes, wives contribute even more. Lower income families depend more on the wives' earnings than do families at the upper end.[2]

Thus while earning additional income is a choice for many women--in the sense that their husbands could afford to support them if they preferred, for many others--the vast majority--it is a clear economic necessity.

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[2] See Francine D. Blau and Marianne A. Ferber, Chapter 5 in The Economics of Women, Men, and Work, Prentice Hall, 1986, and U.S. Bureau of the Census, Money Income of Households, Families, and Persons in the United States: 1984, Current Population Reports, Series P-60, No. 151.

Families with young children are not as well off as parents with older children or families with no children.

Families with children under six are poorer than other families. These families therefore especially need to have two parents in the labor market to raise their standard of living. Young parents have an especially high incidence of poverty. As noted in my testimony, 40 percent of families that have children under six, where the parent is under 25, are poor.

As the family income data above show, children under six are poorer than other children. If their parents, mother and father or mother only, are already working outside the home, good quality, affordable child care can help them get a good start in life. Improving the child care these children now have is critical.

Does subsidizing child care amount to subsidizing higher income couples?

No. Robert Rector's testimony states that "over 80 percent of young children using day care come from affluent two-parent/two-earner couples." This statement is based on data from the May 1987 Census Bureau report, Who's Minding the Kids?, (Current Population Reports, Series P-70, No 9), which show that of those children under 5 years of age with wage working mothers 81.3 percent have mothers who are married with spouse present. Several points should be noted about this statement.

First, this is not that surprising; nearly 80 percent of children under 5 live with two parents and just about as many married mothers work as do single mothers.[3] Thus, those using child care will be about the same proportion.

Second, these data refer to all children using all types of child care (not only day-care, which usually connotes a particular type of child care, namely an organized group facility). Because single mothers are more likely to use child care centers than married mothers, less than 80 percent (78 percent) of those children using child care centers have two earning parents.

Third, no data in this publication report the use of child care by family income. In other words, Rector's statement that these children come from "affluent" families is not supported by data. He is basing his claim that they are affluent on the fact that, as noted above, families in which the wife works in the labor force have higher average family income.

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[3] See the statistical appendix of The American Woman, 1987-88, ed. Sara E. Rix, Norton and Co., 1987.

Fourth, Rector also assumes that all those mothers who are "married, spouse present" have husbands who are working. This is not necessarily true. The Census Bureau found 6 million wives who earn more than their husbands, 4 million because the husbands were not employed full-time year-round, were ill, disabled, or retired.[4]

The tendency to label families with two earning parents "affluent" is growing. In the Executive Summary of Child Care: A Workforce Issue, the recently released Department of Labor study, the "74 percent of married working parents with children under 14 [who] have a family income of more than $25,000," are, in the next sentence labeled "upper income." Upper income used to be a term that referred to the top 1/4, or perhaps the top 1/3 of the income distribution. It hardly makes sense to refer to the top 3/4 of an income distribution as "upper income." Yes, surely these families are better off than single parent families, but they are not on the average affluent, nor are the majority of them affluent.

Part of what is going on here is "money illusion." Inflation over the past 20 years has approximately tripled the average family money income. For some, $25,000 in family income may sound like a lot. Certainly, the $46,779 cited by Mrs. Shlafly as 115 percent of the median family income in Connecticut does. Certainly, these incomes sound like so much more than the amounts today's fifty year-olds had for their families in 1967, when they were (perhaps) young parents. But in 1967 dollars, $45,000 amounts to less than $15,000 and $25,000 amounts to less than $8000. Today, $25,000 is less than the median income for all families and less than the average male worker earns working full-time year-round.

To lampoon this as a bill for yuppies is to play upon people's money illusion--what sounds like high family income today is simply not so. A bill that helps the bottom half of the income distribution, or even the bottom 57.5 percent (since the bill allows states to provide assistance to families with incomes up to 115 percent of the state's median family income) is not a yuppie bill.

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[4] Suzanne M. Bianchi, "Wives Who Earn More Than Their Husbands," Special Demographic Analyses, CDS-80-9, U.S. Bureau of the Census, 1983.

TESTIMONY OF SALLY FAITH DORFMAN, MD
CHAIR OF THE SPECIAL COMMITTEE ON MATERNAL/CHILD WELFARE
OF THE
NEW YORK COUNTY MEDICAL SOCIETY
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
OF THE
EDUCATION AND LABOR COMMITTEE
OF THE
UNITED STATES HOUSE OF REPRESENTATIVES
April 21, 1988
(Not delivered in person, but submitted in writing)

TESTIMONY TO THE SUBCOMMITTEE ON HUMAN RESOURCES OF THE EDUCATION AND LABOR COMMITTEE OF THE UNITED STATES HOUSE OF REPRESENTATIVES

Chairman Kildee, Congressmen and distinguished guests, I am Doctor Sally Faith Dorfman, Chair of the Special Committee on Maternal/ Child Welfare at the New York County Medical Society. I am a specialist in obstetrics and gynecology as well as public health/preventive medicine. I am pleased to have the opportunity to address you today and speak in support of the Act for Better Child Care Services.

The following is a letter the NYCMS has already sent to those New York legislators who were not supporting the bill as of March 16, 1988:

"As physicians, we are very concerned about the well-being of our nation's families. We believe that the federal government must enter into a child-care partnership and are writing to, ask that you make child-care a top priority by supporting the Act for Better Child Care Services, (S. 1885, H.R. 3660).

A growing number of working families are also dissatisfied with their child-care arrangements and say child-care problems adversely affect their work. In a *Fortune* magazine study of 400 parents with children younger than 12, child-care dissatisfaction was the most reliable predictor of absenteeism and unproductive work time. Even well-to-do families struggle with child-care issues. We see the effect of stress on families in our waiting rooms every day.

One in four of our children is poor. Over half the children living in female headed households are poor. The parents of these children must have access to child care in order to escape their poverty and provide their children with a decent standard of living. But the high cost and limited supply of child care make it all but impossible for low-income parents to secure the child care that they need. The average annual cost of child care — $3,000 per child -- is 47 percent of the median income of a single mother with a child under age six. According to the U.S. General Accounting Office, about 60 percent of Aid To Families with Dependent Children (AFDC) recipients were prevented from participating in work programs because they could not find child care.

While the lack of affordable child care has a negative impact on the economic well-being of parents and their children, the uneven quality of care has devastating implications for our nation's future. Over half of our babies now have working mothers. These children need high quality child care to develop properly, to be prepared to do well in school and to lead productive adult lives.

The Act for Better Child Care Services would move this country toward a responsible child-care policy. It is an investment in our future, one we can not afford to defer. Failure to invest *now* jeopardizes the health, safety, and economic security of our children and the future of our nation. We urge you to support the Act for Better Child Care Services."

I present you with this letter because it states some of our concerns quite concisely but I would like to add a few remarks.

The child-care issue is one in which social, political, psychological and health issues are inextricably united. The poorest segment of our society is our children. The recently published, Child and Adolescent Health Profile: New York State 1985, states that poverty is the single most powerful predictor of poor health among children and that it is associated with poor nutrition, substandard housing, disruptive social environment, and lack of health information. Unemployed or underemployed parents are less likely to have health insurance and consequently, poor children are not likely to receive preventive care or immediate treatment of health problems. They are therefore more likely to fall ill, suffer adverse consequences from illness, and die than children with greater economic resources.

It follows that employment increases the family's income level and improves children's access to health insurance coverage. Unemployment, conversely, in addition to leaving the family uninsured, has a destructive effect on family stability leading to divorce, or in other cases, stress which may result in child abuse and neglect. The Child and Adolescent Health Profile, also states that children's economic well-being, and therefore, their health, is strongly related to household composition and that,

"In New York State in 1980, children living in families maintained by single mothers were six times more likely to be living below the poverty threshold than were children living with married couples, and over twice as likely as those living with single fathers (CCF, 1988)."

As stated previously, about 60 percent of Aid to Families with Dependent Children (AFDC) recipients are prevented from participating in work programs because they cannot find child care. If those mothers were able to work or receive training to provide them with skills so that they were employable, it would not only save the money now paid to them in assistance, it would help to build a social structure in which we can develop educated, healthy people — and we need healthy, educated people to support a democratic system. As someone put it, our future is in some very small hands.

I have focused on the effects of lack of child care on poor children, but those who are able to afford the best in child care have similar problems. Good care is hard to find. One of the reasons for this is economic -- parking lot attendants are paid more than child-care workers. The ABC bill addresses the issue of compensation for child-care staff as well as other issues in a way which would improve the quality of child care for all families. For example, states would be required to review and update their licensing standards periodically to meet minimum federal standards in key areas such as staff-child ratio, group size, health and safety and parental involvement. Funds would also be provided to hire and train an adequate number of monitoring staff to assure programs comply with the standards and child care staff would be required to have 15 hours per year of in-service training. Funds would also be made available to states for local resource and referral programs which would help all parents find quality care.

This would help to relieve the stress that even well-to-do families feel when they are unable to find reliable, quality child care and meet all of their other responsibilies. Such stress can also destroy family relationships, and adversely affect the pschological development of the child, which can lead to substance abuse, suicide or other manifestations of poor self image, as well as child abuse.

The dialogue which is taking place around the child-care issue at this moment is every bit as important as the one concerning universal access to education in Jeffersonian times and will determine our future place as a nation in the world. Health and well-being are necessary societal building blocks. Unless we realize that the care of our children is a public and not a private responsibility, we will fall behind the other industrialized nations who understand that a nation's greatest resource is its software — its people.

Thank you for this opportunity to address you.

ILGWU
INTERNATIONAL LADIES' GARMENT WORKERS' UNION

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WASHINGTON, DC 20006
202-347-7417

May 20, 1988

The Honorable Dale Kildee,
Chairman
Subcommittee on Human Resources
House Education and Labor Committee
320 Cannon HOB
Washington, DC 20515

Dear Mr. Chairman:

The International Ladies' Garment Workers' Union appreciates the opportunity to submit a statement for the hearing record on H.R. 3660, the Act for Better Child Care Services. The ILGWU strongly supports this comprehensive approach to child care policy in the United States. We believe this legislation is an excellent step forward in helping to meet the needs of working parents and their families.

The enactment of H.R. 3660 is a priority for the ILGWU, and we look forward to working with you for swift passage of this very important bill. On behalf of the ILGWU, I want to thank you for your leadership on this issue and for your unwavering commitment to help America's workers.

Respectfully,

Evelyn Dubrow

Evelyn Dubrow
Vice President and
Legislative Director

Enclosure

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May 1988

It should come as no surprise to learn that the International Ladies' Garment Workers' Union strongly supports H.R. 3660, The Act for Better Child Care Services, introduced by the distinguished Chairman, Representative Dale Kildee and cosponsored by many of his House colleagues. The ILGWU is largely a union of working women and working mothers, with a long and distinguished history of protecting our children. Because 85% of ILGWU members are women who are low- and moderate-income workers, our union has played a leading role for years in the fight to enact child care legislation. More recently, the ILGWU has gained child care benefits in collective bargaining contracts and has established child care programs for our own ILGWU members as well.

In 1987, the ILGWU joined with more than 100 organizations as part of a broad coalition committed to the enactment H.R. 3660, a comprehensive approach in federal child care legislation to help working parents and their families. You can be assured that the ILGWU will help work for swift passage of this very important bill.

H.R. 3660 is the first major piece of legislation in more than a decade designed to expand the availability of affordable, high-quality child care in the U.S. The bill would authorize $2.5 billion in federal funds (with a 20 percent match in state money) to help low- and moderate-income families pay for care, strengthen basic federal health and safety standards, including personnel qualifications and staff-to-child ratios, and increase parents' involvement in child care.

By all accounts, the United States is in the midst of a terrible crisis in child care services. The statistics on the growing number of families in this country where both parents or a single parent work outside of the home have been documented very persuasively over the past decade. The ILGWU believes that there is no point to argue, as some do, that a parent should be at home with his or her children. The fact is that for many families staying home is not financially possible and for others, it is not the option selected by the parent or parents. As a nation, we must be realistic about the changed economic and social circumstances for American families and commit a much greater level of federal investment to assure that children of working parents -- and all children -- have available to them the kind of affordable, quality child care services which your legislation encourages.

Within our own union and for some of our ILGWU members, we can highlight modest gains in quality child care programs.

In 1983, for example, after a petition-drive by 3,000 immigrant garment workers in New York City's Chinatown who were desperately in need of child care, ILGWU Local 23-25, together with employers in the garment industry and the New York City's Agency for Child Development, opened a neighborhood day care center for the children of ILGWU members. The Garment Industry Day Care Center of Chinatown began and remains a cooperative effort of government-labor-business and was the first public-private day care center in the city for workers in a particular industry. The ILGWU championed the cause of its workers, and we now have a thriving child care program providing high quality care for 80 children between the ages of 2 and 6 years. Parents for the most part are Chinese-speaking immigrant garment workers, and the main language at the center is English.

The Chinatown day care center spends about $100 each week to meet the costs of caring for a child. Approximately one-third of that cost is paid for by union-employer contributions. The children's parents pick up about 10% of the costs, and government pays the remaining share. Parents' contributions are based on a sliding fee scale, depending on a family's ability to pay and can range from no fee to $55 a week per child.

The ILGWU knew that the Chinatown project was a success. Recently, we were pleased to learn that the Congressional Caucus on Women's Issues in its Child Care Challenge Pioneer Award program for longstanding commitment to child care recognized our quality program and awarded a certificate to ILGWU Local 23-25.

While the ILGWU can and does point with great pride to this model child care program for our members, we are painfully aware that hundreds of more children of garment workers are on waiting lists and need the services of a day care program like the Garment Industry Center. Instead of being able to serve these children, we must turn them and their families away.

A recent New York Times article written about the Chinatown Center called it a "haven for 80" [children] and went on to say that the need for day care for the children of Chinatown's garment workers has never been greater at the same time that funding sources are more difficult to find. "...the assistant director of the Chinatown Planning Council, a private group that manages the garment industry center, said the day care shortage is so severe that mothers occasionally bring their children to the center even though they are not enrolled; they have nowhere else to go." Day care slots are so tight in Chinatown's 16 public and private centers, that ILGWU parents "who are turned away must scramble to find relatives or friends, or well-recommended strangers, to look after their children. Some children are simply left home alone," according to the Council's director.

A New York Times editorial as well (see attached) credits the five-year project for its serious, purposeful work.

This ILGWU experience is instructive. We have been an active partner in establishing a small and effective program, using public and private money, to provide quality care and educational advantages for children of ILGWU parents. At the same time, there are thousands more ILGWU parents and children whose need for similar programs is unmet. Their situation represents the larger urgent national need for affordable, quality child care. The lack of access to this kind of care for America's children and families requires a national commitment to develop solutions to the problem. H.R. 3660 takes a significant step in that direction.

The ILGWU strongly supports the scope and objectives of H.R. 3660 and has made enactment of The Act for Better Child Care Services and ILGWU priority. You can count on us to be there in this legislative effort.

Thank you for considering the views of the ILGWU on this matter.

THE NEW YORK TIMES
April 1, 1988

Fair Chance in Chinatown

The Asian children who attend the Garment Industry Day Care Center in New York's Chinatown are outside the American mainstream in two ways. Their immigrant parents are very poor; and nobody in the family knows much English. By the time they're 5 years old, though, those kids have taken a crash course in America. Not only can they speak English (the more precocious read and write it, too), but they are at home with American holidays and habits, "Jimmy Crack Corn" and the fine art of finger painting.

Better still, day care here doesn't end once the children reach school age. They're eligible until age 12 for the center's after-school program. They can play team sports, study new subjects, learn to cook and, if need be, get help with homework.

And because Chinatown can be as tough a neighborhood as any in the city, they're escorted from school to the center; and must be escorted home at night. Amazing! In a city of 13-year-old mothers and 12-year-old crack dealers, to have children treated like the children they are!

True, the Garment Industry Day Care Center is unusual on many levels. It's the first in the city to be supported by both public and private funds; and the first to serve children of workers in a single industry. Because the building is home to several social projects, it works rather like an old-fashioned settlement house. To see the center is to hope that one is looking at the future.

If the children at the Garment Industry Day Care Center are strangers in a strange land, so are all America's poor children. The difference is that the former are getting introduced to the United States. The latter, some of whose families have been here for generations, may never get to know it. No wonder so many of them don't get those well-intentioned messages about staying in school and avoiding pregnancy and sticking out a beginning job. They might as well be listening to a foreign language, and in a way they are.

It would be easy to make too much of one day-care center that serves 80 children, on a shoestring at that. And the center is not yet five years old so it's too soon to know how its alumni will turn out. One thing's certain now: They're getting a chance, a *fair* chance, that many other young Americans need.

9 to 5 NATIONAL ASSOCIATION OF Working Women

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Testimony in Support of
The Act for Better Child care
HB 3660
House Committee on Education and Labor
Subcommittee on Human Relations

Submitted by 9to5, National Association of Working Women
May 20, 1988

9to5, National Association of Working Women is pleased to provide testimony in support of the Act for Better Child Care. 9to5 is an organization of women office workers with over 14,000 members in all 50 states. Office and clerical work is the single largest job category for women in this country, accounting for one out of every three jobs. Our members and their co-workers desperately need help in locating, paying for, and monitoring the quality of care provided for their children while they are at work.

The rise of industrial work in the early part of this century brought about the collapse of the extended family. Consequently the most pressing social need in the 1930's was for the elderly who no longer were likely to live with their children. The government responded by creating social security.

The recent rise of the low-paid service sector has created the need for two-wage earner families and ushered women into the work force. Mothers are not at home any more. The most pressing social need of the 1990s will be for child care and working family policies.

Profile of a working mother

The situation of one 9to5 member illustrates the need of the many thousands of low income working women who will benefit from the passage of this bill.

Kay is the mother of a four year old. With ten years in her current job and a two year business degree she earns just over $10,000 per year. Her daughter is enrolled in one of only two government subsidized programs in Greenville, SC. On her income, Kay cannot afford any other program

"If my daughter's program were cut and she lost that place, I would have no choice but to quit work and keep her at home," says Kay. "Then who would pay the rent?"

Like most low-income working mothers, Kay is very concerned about the quality of care that her daughter receives. "Our public school system is based on a belief that children from every background and income deserve an equal education," says Kay. "Education doesn't begin when a child enters first grade. My daughter deserves the same chance as a child whose parents can afford a Montessori pre-school. I want the same quality program for my daughter that every parent does -- but I have no choice of where to send her. Day care quality should not be based on family income."

Families Need Help

Less than 10% of families today have a father in the workforce and a mother at home with the children. Women must work today to help their families survive. Two worker families have lower average incomes today than a single worker family of 15 years ago. But child care costs eat up a major share of most families' earnings. Eighty percent of women earn less than $18,000 per year, and clerical workers average just $14,000 annually. On these salaries, easily a quarter of take-home pay goes for the child care expenses for just one child.

Families are not getting much help from their employers. In spite of recent media attention, only 3,000 of the nation's 6 million businesses help their employees in any way -- that is one half of one percent.

The states, with a few notable exceptions, are not filling the gap. In 1985 nearly half of the states (23) were providing fewer children with child care assistance through Title XX than they did in 1981.

Our nation can afford the ABC bill

In this era of deficits and budget tightening, every elected official must take a close look at the cost of new legislation. The Act for Better Child Care would cost $2.5 billion in its first year. But this cost should be put into perspective.

In 1987, the U. S. devoted $410 billion of the budget to military spending. In 1988 a special, one time request was made for an additional 'less than six' Stealth bombers, at an estimated cost of $2.5 billion, to replace planes which had crashed. While we do not question the need to defend our country, we would certainly argue that caring for our children is of equal importance. For the price of six airplanes, the ABC bill can provide assistance to an estimated 10 million children who are in need of daycare.

Our nation can not afford the alternatives

Lack of decent child care often forces low income families onto public assistance programs. A single mother simply can not afford to take a job when she has no one to help with her current 'job' -- caring for her children.

- Nearly two-thirds of welfare participants in five state studies say that difficulty with child care arrangements is the main problem in seeking and keeping jobs.
- 76% of women who have given up job hunting cite child care problems as the reason.
- A 1982 Census Bureau study found that over one in three non-working high school drop-outs would go to work if they would find affordable child care.

The ABC bill is good economic policy as well as essential family policy

Investing in decent child care for working parents provides benefits to all: parents, children, employers and taxpayers:

- In Ohio, every $1 spent on child care saves $4 in welfare program costs.
- In Colorado, state subsidies for child care amount to only 38% of the cost of providing one unemployed mother with AFDC and Medicaid.
- A 1982 National Employer Supported Child Care survey found that 95% of corporations offering child care programs reported measurable benefits including drops in absenteeism and tardiness, and increases in productivity, job performance and morale.
- Long-term studies of the effects of Headstart and other pre-school educational programs on low-income children demonstrate that these children are more likely to graduate from high school and less likely to commit crimes or get pregnant during their teenage years.

We can not turn back the clock to an era when a husband's wages enabled his wife to stay home to care for their children. Kay and the thousands of mothers and fathers like her need help to maintain their families and jobs. Families, businesses and state governments can each play a role. But the enormous task of providing quality, affordable care for our nation's children is one in which the federal government can and should play a part.

Polls show a consensus among voters that an appropriate role for the federal government is to provide support and coordination for the critical job of caring for children whose parents must work.

The Act for Better Child Care will go a long way to meeting both the social and economic of our country.

MANUFACTURING
CREATES
AMERICA'S
STRENGTH

STATEMENT ON
CHILDCARE PROGRAMS

BY
DIANE J. GENEROUS
ASSOCIATE DIRECTOR, EMPLOYEE RELATIONS
NATIONAL ASSOCIATION OF MANUFACTURERS

SUBMITTED TO
EDUCATION AND LABOR SUBCOMMITTEE
ON HUMAN RESOURCES
U.S. HOUSE OF REPRESENTATIVES

APRIL 21, 1988

NAM

National Association of Manufacturers
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The National Association of Manufacturers is a voluntary business association of more than 13,500 corporations, large and small, located in every state. Members range in size from the very large to the more than 9,000 smaller manufacturing firms, each with fewer than 500 employees. NAM member companies employ 85 percent of all workers in manufacturing and produce more than 80 percent of the nation's manufactured goods. NAM is affiliated with an additional 158,000 businesses through its Associations Council and the National Industrial Council.

EXECUTIVE SUMMARY

Over the past year, the availability of childcare has generated national attention as the rapid entry of women into the workforce continues. Given the ongoing national debate on childcare and the abundance of federal childcare initiatives pending in Congress, the National Association of Manufacturers believes that before proceeding with a federal legislative solution, there must first be an evaluation of existing federally-funded childcare programs at the national, state and local levels in the public and private sectors; and there must also be cooperative efforts to educate the business community and the general public on existing childcare programs and options.

The NAM outlines five concepts that it believes are crucial to any federal childcare legislation, and must be addressed as the congressional debate continues: flexibility in the workplace to facilitate adapting to changing employee needs; focus on local level decision-making; maximizing involvement and cooperation between employers, employees and communities; liability concerns associated with provision of childcare services; and federal budgetary realities. These suggested guidelines were issued February 1988, and are incorporated in the NAM's policy on corporate programs for working parents, which states in part that childcare benefits may comprise an important component of employer-provided benefits.

As Congress continues to craft childcare legislation, we urge them to bear in mind that the NAM cannot support any federal childcare measure incorporating legislative mandates which would require employers to provide specified childcare-related benefits.

The NAM suggests that a thorough review of existing federal programs be performed to determine whether federal dollars are being spent in a cost-effective manner. There has also been significant growth in private sector programs addressing childcare needs, although the number of firms actually offering direct childcare assistance remains relatively low. It is apparent that many companies believe on-site childcare is the only option available in assisting employees with childcare needs. Education aimed at increasing private sector awareness of the variety of workplace options that can be helpful to working parents will play an important role in stimulating greater corporate involvement in childcare assistance.

Evaluation of existing programs and education as to existing options should be the prelude for consideration of any federal childcare measure so that Congress can target its limited fiscal resources where they will do the most good. The NAM encourages Congress and business alike to continue to explore the many diverse alternatives for assisting parents in meeting their childcare requirements, and we hope to continue to work with Congress as it proceeds with childcare legislation.

STATEMENT ON CHILDCARE PROGRAMS

BY

DIANE J. GENEROUS
ASSOCIATE DIRECTOR, EMPLOYEE RELATIONS
NATIONAL ASSOCIATION OF MANUFACTURERS

SUBMITTED TO THE
EDUCATION AND LABOR SUBCOMMITTEE ON
HUMAN RESOURCES

APRIL 21, 1988

The National Association of Manufacturers is pleased to submit this statement to the Education and Labor Subcommittee on Human Resources on the issue of childcare.

Changing Demographics

Women now comprise 45 percent of all workers in the United States, and over 70 percent of women between the ages of 25 and 34 are in the workforce. Labor statistics consistently show a steady increase in the number of mothers in the workforce, reflecting that nearly two-thirds of mothers with children under fourteen are working and over half of all mothers with children under three are working. As women with children continue to enter and remain in the workforce in record numbers, the question of who is taking care of these children is being raised as a national issue.

NAM Response

In 1986 the NAM Board of Directors adopted an official policy on corporate programs for working parents, recognizing that social and economic forces have dramatically altered the composition of our workforce. This policy statement recommends to employers that as they adapt to the new workforce demographics, they must seek to accommodate working parents by offering as broad an array of benefits options as is economically viable. One such option specifically suggested was child and dependent care programs, including on-site or near-site daycare centers, daycare subsidies, and childcare vouchers. Additional options included alternative work scheduling, part-time work where desired and flexible benefits plans that include daycare benefits.

Guidelines for Childcare Legislation

In February 1988, the NAM reaffirmed its committment to encouraging employers to address what has become an increasingly significant concern for working parents: finding quality childcare at an affordable price.

The NAM has not endorsed a specific legislative measure,but included in its February 1988 statement on childcare legislation a list of conceptual guidelines which we strongly commend to the drafters of federal childcare initiatives:

- -Flexibility for employers adapting to the changing needs of the workplace;
- -Decision-making focused at the local level;
- -Maximum participation and cooperation between employers, employees and communities;
- -Addressing liability concerns associated with childcare; and
- -The realities of federal budgetary constraints.

Of paramount significance to any federal legislative proposal addressing childcare is the recognition that employers must continue to have the flexibility that enables them to efficiently respond to the benefit requirements of their own workforce, be it direct or indirect childcare assistance or none at all. For example, at one point in time a workforce may be comprised of older workers who have no need for a childcare benefit option, but five years later employee turnover may yield a younger workforce with a preference for childcare benefits. Any legislative mandate of a childcare benefit would be strongly opposed by the NAM.

Because childcare needs vary from state to state and even community to community, the NAM believes that decision-making on program specifics should be centered at the local level where officials will have a first-hand knowledge of childcare needs. The involvement and cooperation among all entities concerned, i.e., employers, employees, community groups and local government, is also fundamental in achieving a successful childcare program and should be encouraged in any federal measure intended to enhance daycare. This ''bottom-up approach'' would maximize input from those most affected by child care policies--parent and child. (A national regulatory scheme would ignore regional variations in childcare requirements and the NAM does not support comprehensive federal regulations to standardize all daycare providers.)

Liability exposure and difficulty in obtaining affordable insurance coverage are frequently cited by companies as obstacles to implementing any type of childcare assistance for employees. These concerns must be addressed in any federal childcare measure that seeks to encourage greater private sector participation in meeting chilcare needs. One example, included in a pending proposal, provides for limited tort reform for childcare providers and would defray insurance costs with a liability pool.

In conjunction with any effort to address employers' liability concerns, the business community should be educated on the various childcare assistance options available in addition to on-site childcare. Small companies in particular are much more likely to offer childcare benefits if the liability concern is lessened. Some in-house company surveys have even shown that employees preferred other arrangements or options instead of childcare at their worksites. Alternatives include employer provided childcare vouchers or subsidies, discounts, or salary reduction plans which allow parents their choice of childcare arrangements. Some employers are electing to support or sponsor community programs which their employees could use.

Current Federal Programs

Federal childcare legislation must also be guided by the reality of budget constraints, which militate in favor of an examination of existing federal programs and their effectiveness before embarking on new programs. Almost $7 billion in federal spending goes to childcare and related services, including Head Start. Tax credits, exclusions, and deductions account for $4 billion out of the approximately $7 billion in federal spending on childcare. The single greatest source of federal support is the Child and Dependent Care tax credit, estimated at about $3 billion, and available only to those required to pay income tax. Lost revenue from this credit has tripled over the past six years. Working parents may also exclude from their income a certain amount for employer provided childcare assistance. Combined with other deductions available for childcare, this totals approximately $1 billion.

Federal spending for the Head Start program is currently $1.2 billion, up from $735 million in 1980. Additional federal spending includes the Social Service Block Grant under Title XX of the Social Security Act, allowing states to direct funds to various social services; and the Jobs Training Partnership Act programs providing training for daycare providers.

Department of Labor estimates show that with the $4 billion of federal childcare assistance being taken in the form of tax credits and deductions, low income families who do not pay taxes receive perhaps half (maybe less) of all federal childcare dollars. A thorough review of how these federal dollars are being spent, and whether existing federal programs are effectively meeting childcare needs to the extent possible, would allow for a federal childcare initiative to have maximum impact by targetting specific groups or needs.

Corporate Response

In assessing the childcare issue, it is important to note that although only 3300 corporations offer childcare assistance programs, this number reflects a dramatic increase from ten years ago when only about 100 firms provided comparable assistance. Of significance is the fact that this growth in childcare programs preceded the availability of any hard data establishing the cost-effectiveness of providing childcare assistance.

A recent Bureau of Labor Statistics (BLS) survey (conducted over the summer of 1987) measured childcare benefits in business establishments with more than ten employees. Not surprisingly, the BLS found that large establishments are much more likely to offer childcare benefits, with 5 percent of firms over 250 employees sponsoring daycare centers and 9 percent assisting with childcare expenses. Overall, 2 percent of companies provide employees with on- or off-site childcare and an additional 13 percent directly address childcare needs by assisting with expenses (3 percent); providing information and referral (5 percent); or counselling services (5 percent). Flexible work scheduling is the predominant means of accommodating employees with 61 percent of companies offering at least one of the following options: flexible leave, job sharing, or flexitime.

Conclusion

The NAM believes there is no single program or incentive that will be an effective solution for all parents or business operations. Statistics indicate a growing trend on the part of companies to address the childcare needs of their employees. Education will play an important role in ensuring greater availability of quality childcare. The more knowledgeable the business community becomes as to the wide array of options available to assist employees with child care, the easier it will be for companies to address childcare requirements with creative and innovative solutions.

The NAM will continue to work with its member companies to explore how business can play an active role in assisting parents wih daycare needs. We urge Congress, just as we urge employers, to review a broad range of diverse approaches as it seeks to provide assistance in support of working parents who require childcare.

DRC
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May 3, 1988

House Education and Labor Sub-Committee on Human Resources
320 Cannon Office Building
Washington, D.C. 20514

RE: ABC Day Care Bill Testimony
ABC AND THE SPECIAL NEEDS CHILD

Dear Chairman,

If it please the committee, I request my written testimony be entered into the record. I believe there is a different and very important perspective to add to the debate on the ABC bill and hope you will consider this testimony which, necessarily is a bit technical in nature. I submit this testimony out of concern for the situation of special needs children and the significant problems this bill generates.

I would like to point out at the outset that "special needs" or "handicapped" children as defined under federal statute ("Education for all Handicapped") are not merely the multi-handicapped children in wheelchairs we so often envision when the subject arises. They include all children with any special, educationally-related needs. This covers a very wide range of disabilities and needs both in description and severity.

Since the government will not be able to discriminate, there will have to be legislation, "Day Care for all Handicapped" which will include all children with any special care-related needs. The purpose of this testimony is to relate the problems we are facing in special education as relate to the problems certainly to arise in day care.

DRC advocates for children with mild to moderate special needs under federal and state special education statutes. We are non-profit, volunteering most of our services pro bono to families who could otherwise not afford advocacy for their children. We are independent, not connected with any care-giving or other institutions whatsoever. Most of our clients are minority. Although we do not handle severe and multi-handicapped cases we are well acquainted with the educational and day care situation of children with various levels of special needs. It is unfortunate but advocacy is essential in most cases to ensure the child will receive that to which he is entitled. Private, voluntary organizations such as the Federation for Children with Special needs trains parents to advocate for their own children. All of us however only reach a comparative few.

Care for children with special needs outside the home falls into two categories: Educationally-related intervention which is mandated and publicly supported (special education, early-childhood intervention) and day care. If parents need day care outside of whatever educationally-related services they may be receiving because they work or need respite, the amount of day care needed will depend on the parent's schedule and the amount of time the child spends in the special education setting, if any. Not all children with special care needs have special education needs and qualify under regulations for special education or early childhood intervention. Few qualify for "extended day" or institutionalized care. The child's special needs must directly affect education in order to qualify for mandated intervention or services. Therefore, a child may need very specialized care but not qualify for or need special education intervention.

All parents of special needs children face particular problems in obtaining appropriate (or any) day care if they must work outside the home. If they do not work outside the home they may require support services and respite such as specialized part-time or occasional day care. The problems in finding appropriate educational placements and day care for children with varying types and degrees of need vary greatly. Also, special needs children may need day care well beyond the age normally required. It can be very difficult to find anyone to care for such children, especially those who have communication, behavioral or personal care components.

There is a derth of special day care, special pre-schools, regular pre-schools which accept any special needs children, and special after-school day care other than family day care, privately hired care-givers at home or family members. Thus the problem is finding appropriate pre-school and school educational placement as well as day care. The lack of appropriate education opportunity for children with special needs, pre-school as well as school-age, is a problem which should be addressed and solved and certainly should have a higher priority than day care. Federal and state legislation mandating appropriate education was only a start. The reality is another matter. We are very seriously concerned that the federal government is considering day care funding before it has even approached satisfactory funding of special education. One may well wonder how the federal government can consider funding day care at all when the condition of education nationally is so critical. Localities are being financially crushed by the cost of mandated special education which leaves less and less for regular education. The answer is certainly not to stop educating special needs children. The answer may at this time not be to divert funds to day care either.

Funding is just one issue. There is a lack of trained and qualified special care-givers and teachers. There is a lack of facilities and providers, especially in non-urban areas. There is a lack of competent evaluators, physical and occupational therapists and all the other support services. To say that some special needs children "fall through the cracks" is absurd. The fact is they are pouring through gaping holes in the system. This fact is supported by a great deal of evidence which I will not at this time recite since the focus is day care. The point is that the problems remaining unsolved in special education are indicative of the problems we will face in providing day care to special needs children. Much of "special education" today is merely warehousing with some attractive window dressing. The exceptions are notable and serve to expose the rest. The latest knowledge regarding "what works" in special education is not being widely applied. The long-term results of this failure are greater dependency and expenditure, higher incidence of sociopathic behaviors in inappropriately treated children, the wasting of potential, and human misery. The bottom line is, day care (unless specifically designed as a benefit to the child) is for the convenience and sometimes necessity of the parents. Special education is a right for children and a necessity for society. It is also a moral imperative.

Although the lack of appropriate education for special needs children is a problem, the lack of day care for special needs children isn't as great a problem. The lack of special day care is due in large part to lack of demand and/or the inappropriateness and cost ineffectiveness of group day care for that population, especially in the early years of life. It can be inappropriate as these children require a high degree of individualized and specialized care and attention. I am not referring to a play group or other part-time group interaction which is entered into specifically for the benefit of the child.

Under ABC parents will receive no help unless they turn their child over to a public or non-profit group day care center. The essential question is what if such a setting is inappropriate for a child? And what provision is there for families who can not find an appropriate "center" for their special needs child given a group setting is appropriate? What is to be done for those children who are best not institutionalized, who are best cared for by their parents? The combination of excellent special education working with loving parent/nurturers is the most beneficial for special needs children. Yet under ABC, parents will be penalized financially for not institutionalizing in centers, whether full or part time, as that is the only way to receive help.

Day care is care *in loco parentis*, in place of parents. It is easily distinguished from education or "school." The objective is not specifically "education" but physical care. But what of nurturing, affection, interaction/ socialization and training? ABC reflects an empty and superficial euphemism "day care." The educational emphasis in ABC is certainly not appropriate for all children as it implies a formal attempt at early childhood "education." It does not follow that because disadvantaged children benefit from learning-readiness intervention ALL children benefit from formal "educational" intervention. There is ample evidence to suggest the opposite. If ABC mandates an educational component or emphasis, what will be done about special needs children who would require special programs as the center's program is inappropriate? And what of children whose families' educational and child development philosophy differs from that promulgated by the bill or the available day care center?

Since nationally, about 15% of the student population is designated "special needs" and receives special education services (the figure is climbing higher with earlier identification and parental awareness), we can get a notion of what we will have to provide in terms of specialized day care. Since the school population served by special education only includes those who qualify under the education definition we can expect the special day care number to be much higher as it will include ALL special care not just that which is educationally related. Children who require particular behavioral approaches will have to be serviced. Now they are simply not accepted or expelled from day care or pre-school.

How will the government determine who will need or qualify for special day care and the description of that care? Appropriate placement in all cases involves such factors as identification of children with needs, evaluation, determination, developing the child's individualized education (or care) plan including description of setting (environment, student/teacher or care-giver/child ratio), peer group, appertainent services required, teaching/care-giving style or method vs. the child's need, specific training of providers, location, opportunity for appropriate degree of "mainstreaming" or interaction with "normal" children, and length of service. It is impossible to give a fair degree of detail here but suffice it to say, the process is complicated, expensive and very difficult for parents, children and providers. It would require a bureaucracy to handle the process including appeals and due process and resolve conflicts or disagreements between parents and centers over issues ranging from education and discipline to toilet training.

We have followed the testimony during the committee hearings. We did not hear any testimony regarding the day care of special needs children. The bill ignores the problem, is so simplistic in its approach to the care of children in general that if adopted in its current form will create hardship, chaos, disruption, displacement and litigation and its flaws and full cost recognized too late. The bill establishes day care as a right but fails to address the problems in implementation. The bill will increase cost greatly while actually resulting in a diminished level of care for children, especially special needs children. It does this by limiting choice, thereby limiting access to that which may be most appropriate for a child. The bill also ignores the case of children who qualify for institutionalization or part-time placement but who are cared for by the family in the child's (and state's) best interest.

Since it was finally recognized that children were best cared for at home rather than in institutions AND home care with some support services was far more cost-effective than institutionalization (no doubt the overriding issue) we are seeing rapid movement in regulations and support services favoring non-institutionalization. The ABC bill however goes in directly the opposite direction in that it would not fund or contribute to families caring for their own children, family day care or services given outside of a non-profit or public group center.

Perhaps the most onerous and egregious provision is the sectarian prohibition which would disqualify all day care with any religious connection or overtones from funding or not allow parents to choose what they consider to be the best care. Allowing parents "choice" only if they can afford it is no choice. Perhaps the drafters are unaware of the fact that much of the care now provided special needs children is given by religious institutions. It is difficult to believe that the drafters were aware of this fact and drafted this bill as currently written regardless. If such is the case, I would have to seriously question the humanity of such individuals and their motivations. Certainly, their motivation could not be concern for children. Apparently, it has been determined that religiously motivated care-givers should continue to provide services while stripping themselves of their religious life-style, expression, or even motivation.

Lacking also is the recognition that religious belief, practice or expression could in any way be of actual benefit to or enhance the lives of the children. Does anyone doubt the desperate need all children have for loving care, especially children with special needs? Or the special qualities of compassion required of the care-givers? Who would pick up the task, replace all those religious providers? What will become of special needs children forced out of religious institutions? Their parents could not pay the full expense of special care. Religious and other charitable institutions have been subsidizing the care of special children through volunteerism, fundraising and contributions. Even if the government could foot the bill how is it to replace the characteristics of the "sectarian" care-givers?

Caring for special needs children is not something one undertakes for monetary compensation as the salaries and even "profits" involved are not anywhere near sufficient to the task and realistically could never be. Those who undertake and support such care are motivated by higher concerns and convictions, often religious. To disqualify such care-givers or require that they strip themselves of all religious expression, that which motivates them in the first place, not only flies in the face of reason but, I believe the spirit of our Constitution. It is because there are such caring individuals in many religious faiths that there is any available day care and education for special needs children at all. I refer your attention to Combined Jewish Philanthropies, Catholic Charities, and many other examples.

The alternative is for federal, state and local governments to pick up the entire tab for the day care of ALL special needs children regardless of degree of special need or qualifying under statutes for special education at the "going rate" without the generous contribution of religious persons, organizations and institutions. The government could not duplicate however the humanity of these persons by replacing them with merely salaried employees. The salaries, if that is the motivation, would have to be substantial indeed if sufficient providers could be found. In any event we can not buy what our current care-givers offer in terms of love, concern, and conviction. There are some children who are so afflicted and require such a level of difficult care that it would be impossible to find persons to care for them at all if it were not for the few who are motivated by higher concerns.

I would also like to point out that all children but especially special needs children benefit from and often require a day care situation which closely replicates the home situation. For instance, a child who requires patterning and behavior modification should receive such intervention similar to the home style. In this way the child learns behaviors, relates to his home life and carries over familiar practices and behaviors. It would be not only unfair to the child and family to deny them the right to pattern the child according to their individual practice, often based on belief, but confusing and detrimental to the child to do otherwise. Therefore parents should be encouraged to, not prevented from obtaining day care services according to its similarity with home style. To choose day care based solely on clinical pediatric and pedagogical criteria, ignoring setting, teaching/care-giving style and practice and similarity with family is counter to all current professional research and thinking and common sense.

Certainly, many of the issues raised for special needs children could be applied to all children. In fact, it has been said that ALL children are special and have special needs. We concur. The attention afforded the care and education of special needs children, the research and practice has served to enhance the understanding of the needs of all children. The flaws in this bill as applied to special needs children should point out the flaws as applied to all children. However, as the needs of special children are magnified, so are the flaws in this bill. The essential flaw is the notion that by funding one particular type of day care (public or non-profit group centers) we can meet the needs of all or even a majority of children and their parents. This simplistic notion requires the attempt to fit all children into round holes even though some may be square pegs. Those who can not be molded to fit are simply tossed out. The result is uniformity, conformity, mediocrity, lack of pluralism, diversity of ethnicity, belief, practice and thought and intolerance for individual differences and a population of discounted misfit outsiders.

Special education legislation, indeed all legislation regarding persons with disabilities and special needs, minorities and persons subject to intolerance and discrimination has led to the structure of the system being modified to meet the needs of such persons and allowing such persons free access to all public life. The ABC bill goes in the opposite direction of public justice. All those who would not want to be economically disadvantaged, required to finance day care for themselves, pay taxes for others while others are publicly financed, would have to conform to the rigid and simplistic criteria and provisions of this bill as implemented at the local level. As has been pointed out, this applies to all considerations in choosing care *in loco parentis* for children: cultural, ethnic, pedagogical, philosophical, psychological, emotional, religious, environmental and simply parental convenience and preference. This is a replay of the historical situation in regular education which we are so desperately trying to rectify. However, it is far more profound as we are not simply dealing with attendance at an educational institution for 6 hours per day, 180 days per year. We are considering the replacement for home, family and parents up to 12 hours per day, 245 days per year. That replacement should be chosen by the parents with state-supported group day care centers only one option among many, public and private. The choice is illusory if there is economic sanction of choice.

It is interesting to note that one of the often stated arguments against sympathy for the idea that parents should have the right to public support of their children's education in other than public schools is that parents have the children for more hours than the schools and can supposedly provide the religious, philosophical, cultural, and whatever other practices are important to the family in that after-school time. Anyone who has children in school knows the constraints on that time. But what is the defense to be in the case of the ABC bill if parents are not permitted to choose the appropriate day care for their children?

When considering legislation which profoundly affects children we can not make gross errors as children are not static, waiting in limbo for mistakes to be corrected. They experience the effects of those mistakes and develop accordingly. Furthermore, in creating a new infrastructure and dismantling the existing support systems, correcting essential errors is difficult if not impossible. If the federal government can only write day care funding legislation wherein access to day care requires the abridgement of fundamental rights (free exercise, self-determination, parental prerogatives and so on), the government should refrain from enacting such legislation. For practical reasons the ABC bill is grossly flawed. For philosophical reasons it is an anathema. However, day care subsidy and support can be accomplished without the problems clearly articulated by those who testified and those I have attempted to convey. The mechanisms have been described such as through income tax credits and the encouragement of publicly-provided day care centers through seed money in areas in which there is a need and where tax credits alone would not initiate creation of day care options. Contrary to popular prejudice, minority parents are as willing and able to make sound choices for their children as non-minority families, given the opportunity. They do not appreciate pontification from above, paternalism, or lack of right to choose what is in their children's best interest.

Sincerely,

Susan J. Marshall

Susan J. Marshall

THE CASE OF "B"

The following is a brief case history to demonstrate the problems which will be encountered if the ABC bill is enacted as written, without parents having the option of choosing day care which is appropriate for their child and family. We chose a case of a child with slight special needs to demonstrate that problems will not only arise from children with profound needs.

"B" could not easily be left with care-givers, even those who were familiar with the child and who were consistent and regular over a long period of time. The difficulty began a about age 14 months and continued through 5 years of age. Every seperation, regardless of how brief was a traumatic experience for mother, child, and care-giver. Often the parent had to be called back as the child's state elevated into hysteria.

"B" was placed in pre-school at age 3 1/2. There was some doubt as to whether he could remain as he was not fully toilet trained, a requirement at all pre-schools. The program was a 3-morning per week play school.

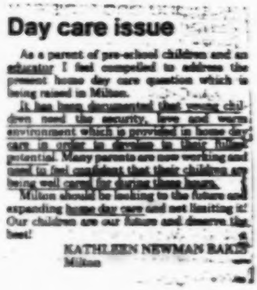
Situations arose such as the child running out of the school attempting to seek the mother. He did not consistently cooperate, preferring to play during "quiet time," talk and play during "story time," and run rather wild during "free play" periods. He did not want to paint or draw, learn how to write his name, and generally wanted to "do his own thing"

It was doubtful "B" would be allowed to remain at the school. However, the parents were willing to participate in the daily program, helping "B" to adjust. This did not allow the parents to use day care (pre-school) in the manner intended. The following year was not much better. At 4 years of age, he went into a 5-morning program. The first year there were 11 children to one teacher and an aide plus the parent. The second year there were 16 children, and aide and the parent. Other parents were participating and they were able to take turns assisting the several children in the school needing individual attention. The school was a non-profit cooperative preschool.

Although "B's" problems interfered with the parent's plans and his "behaviors" were not well adapted, he was not the only child having similar difficulties so the parents and providers (all certified teachers directed by a head teacher with a graduate degree in early childhood education) did not see his problems as something which needed other professional intervention. "B's" home was structured, he came from an upper-income intact family with experienced parenting and there was no indication his problems were environmental or parental. Generally everyone thought he would grow out of it.

It was discovered somewhat later that "B" had a neurological condition which affected both his motor skills and perception and therefore his behaviors. He was quite bright and that masked what would have been noted as difficulties in a child not so gifted. Later, he was placed in a small, structured learning enviornment in a program which matched both his motor/neurological needs and cognitive abilities. This program was private and expensive. There was no such program available in public schools. He continued in this program and did very well with only slight problems. The pre-school setting was inappropriate and probably detrimental. It lacked the structure and other interventions he required. However, no appropriate program would have been available anyway. He would have been better-off at home in a one-on-one situation with less stimulation. (55)

The town of Milton, MA is considering zoning ordinances controlling family day care providers. There is concern that such regulations would lead to fewer providers. A letter to the regional newspaper gives insight as to the desireability of family day care. Many parents prefer to place their children with families rather than group centers as they can choose a family which closely replicates their own home life, beliefs, style, and practice.



Day care issue

As a parent of pre-school children and an educator I feel compelled to address the present home day care question which is being raised in Milton.

It has been documented that young children need the security, love and warm environment which is provided in home day care in order to develop to their fullest potential. Many parents are now working and need to feel confident that their children are being well cared for during these hours.

Milton should be looking to the future and expanding home day care and not limiting it! Our children are our future and deserve the best!

KATHLEEN NEWMAN BAKER
Milton

From the Patriot Ledger May 4, 1988

CORPORATION FOR PUBLIC BROADCASTING

Donald E. Ledwig
President and
Chief Executive Officer

May 10, 1988

Honorable Dale E. Kildee
Chairman, Subcommittee on
Human Resources
Committee on Education & Labor
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

It has come to my attention that the Subcommittee on Human Resources conducted a hearing on the issue of child care on April 21, 1988. I would like to offer for inclusion in the record of your hearing a description of a major new effort launched by the Corporation for Public Broadcasting and the public broadcasting industry to focus attention on the critical need for affordable, quality child care in America.

PUBLIC TELEVISION OUTREACH ALLIANCE

The Public Television Outreach Alliance (PTOA), which is funded by CPB, is one of the most successful public service awareness projects ever developed by public broadcasting. The objective of PTOA is to provide the research, leadership, compelling programming, and the support materials that enable American public television stations to conduct locally each year one or two outreach campaigns directed against major social problems facing this country. Previous camaigns have dealt with issues such as substance abuse, illiteracy and AIDS.

CHILD CARE AMERICA

This year, public television stations voted child care as their top choice for the next outreach project topic to be produced by the Public Television Outreach Alliance. In response, PTOA announced CHILD CARE AMERICA, a national multi-media campaign. CHILD CARE AMERICA underscores what any young family with two parents working outside the home, and single parents raising children already know: affordable, quality child care for preschool children can be difficult, if not impossible to find.

1111 16th Street NW
Washington, DC 20036
(202) 955-5275

20 Years of Quality Programming

President Reagan designated April 10-16, 1988 as the "Week of the Young Child." PTOA, PBS and the National Association for Education of Young Children (NAEYC), worked in conjunction to plan an array of original events, using public television programs, public radio programs and local and national documentaries in an unprecedented effort to educate communities on the issue and to help them focus on solutions. The campaign was initiated by the documentary "Who Cares For The Children?," hosted by Rhea Pearlman (star of the television show "Cheers"), which aired nationwide on PBS on April 13. The one-hour special defined the urgent child care dilemma and showcased some of the most innovative and successful solutions around the country to providing quality child care.

PBS, together with local public broadcasting stations, expanded the recognition of CHILD CARE AMERICA's national awareness and community outreach campaign with special programs and segments, on a national basis, that explored the child care issue. A sample list has been enclosed.

Further, many local public television stations produced documentaries that focused on the need for quality child care in their communities and offered examples of various solutions that have been developed. These local programs also provided needed information on child care referral services, support groups, local coalitions and related outreach projects. As examples of local programs, copies of "Paid to Care," which covered the Washington Metro area, and "Child Care Crisis: A Maryland Report," have been provided.

CHILD CARE AMERICA BUSINESS TELECONFERENCE

Following the success of "Who Cares For The Children?," the American Express Company joined with PTOA and public broadcasting stations nationwide to underwrite a national business teleconference, on April 14th, during the "The Week of the Young Child" to brief executives on the critical need for child care options for employees. The one-hour teleconference focused on the different child care considerations facing employers today, such as financing, facility locations (on-site or off-site), time-sharing and of course, the benefits of child care to the company in terms of lower absenteeism and higher productivity among employees. Businesses and public television stations around the country joined together to take telephone calls, hold discussion groups and answer hot-line questions following the special. Additionally, many public television stations recorded the teleconference to be used in upcoming community events. A video copy of the teleconference has been provided.

CHILD CARE AMERICA - PROJECT GUIDELINES

Realizing that generating awareness of the child care shortage crisis is only the beginning of the search for solutions,PTOA, with CPB support, produced a resource guide entitled, "CHILD CARE AMERICA: Project Guidelines and Resources for Community Organization and Outreach Activities." This book is designed to help individuals plan activities and events that:

- **increase awareness** of the importance of quality child care through community activities and public television programming,

- **increase community involvement** in child care issues through the formation of formal and informal local groups and coalitions, and

- **foster continued involvement** on the part of the community to address child care problems and find local solutions.

These guidelines provide information on building a child care coalition and giving it power, providing information with which to address businesses and the community, and involving minorities, also included is a list of national organizations and supplemental CHILD CARE AMERICA promotional material.

"WHAT IF I'M HOME ALONE?"

To complement the CHILD CARE AMERICA project, CPB implemented a new lifesaving public service campaign through its information and activities booklet, "What If I'm Home Alone? Your Family's Guide to Home and Personal Safety Skills," along with public service spots for commercial radio.

Recognizing the need to prepare "latchkey" children, who are among the fastest growing segment of this country's school-age population, for possible emergency situations and to give them important safety information, CPB publishes and distributes the 16-page booklet. The booklet lets children and parents review together safety concerns and measures, such as:

- how to get home from school safely,

- how to escape from a fire,

- o how to deal with strangers who knock on the door or call on the telephone,
- o how to treat minor cuts, burns, nosebleeds, and
- o how to put their time alone to best use.

The booklet also contains a letter to parents suggesting steps they can take to make their home safer, along with a form for emergency and other telephone numbers. The response rate to the booklet has been tremendous. More than 4,600 orders for the booklet have been received in the first month of distribution.

CORPORATE RESPONSE

In recognition of the value of public television's CHILD CARE AMERICA project, two corporations have awarded grants to CHILD CARE AMERICA to fund continuing community outreach activities on the child care issue. The Ford Foundation awarded $50,000, which will be divided into five grants and offered to public television stations on a competitive basis. The grants will be awarded to outreach activity programs that are oriented towards improving the quality of child care for low-income or minority populations.

Secondly, the American Express Company awarded grants, of $9,000 each, to eight public television stations to increase business involvement in improving child care. Each station will conduct information and education campaigns to enhance the effectiveness of existing business and child care networks. Many of them will also develop special productions for use by community child care agencies in presentations to businesses at station-sponsored child care forums.

SUMMARY

The Public Television Outreach Alliance campaign on child care is but one of the many ways local public television stations around the country provide vital information on issues of pressing concern to local communities. The powerful combination of video communication and organized local commitment, which has been united in the Public Television Outreach Alliance, will continue to provide these important informational and organizational resources to address other pressing issues facing our communities. These efforts are only the beginning of public broadcasting's commitment to enhancing public awareness of the need for affordable, quality child care. This powerful combination of broadcasting and community involvement is unique to public broadcasting and is consistent with CPB's mission to inform and educate Americans.

I will be happy to keep the Subcommittee apprised of any additional steps in the child care campaign that the public broadcasting industry implements.

Thank you for the Congressional attention you are focusing on this serious probem facing America today, and for allowing CPB to inform the Subcommittee its views and commitment to the issue of child care.

Sincerely,

Donald E. Ledwig
President and
Chief Executive Officer

Enclosures

** Additional materials submitted for the record are retained in the Subcommittee's files. They include video cassette copies of: "Child Care Crisis: A Maryland Report"; "Paid to Care"; "Who Cares for the Children"; and a "Childcare Teleconference."